

A BLOOD FEUD INSIDE THE RED CROSS

CANADA'S

WEEKLY NEWSMAGAZINE

Maclean's

SEPTEMBER 9, 1996

OUTBREAK

The uphill battle to
control potent bacteria

How deadly
mutant strains
resist
antibiotics

\$3.50

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Maclean's CANADA'S
WEEKLY
NEWSMAGAZINE
This Week
SEPTEMBER 9, 1996 VOL 23 NO 36

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Cover 40 Outbreak

A new army of microbes continues to outpace medicine's battery of antibiotics. The incubating bugs are making it harder for doctors to treat and stay at-risk infections. The fun is that eventually there may be nothing to stop common ailments, like ear infections, from becoming fatal. The hunt for solutions is on in earnest



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Revelations of an actor's affair with a prostitute took the shine off U.S. President Bill Clinton's campaign kickoff at the Democratic convention



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Eccentric Toronto gallery owner Yvonne Hesketh has turned a passion for modern art into a unique form of philanthropy



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Canada's health ministers may be ready to ship the Red Cross of responsibility for blood supplies. A series of confidential letters reveals why



From The Editor

The toast of New Brunswick



For most of the past 31 summers, the haunting beauty of life along the shores of Passamaquoddy Bay, and the tranquillity of a relatively remote and quiet New Brunswick community, have provided an ideal respite for body and mind. But several arguments about whether to repair the town wharf or the sidewalks, the call of the flocks and the hubbub of the big ducks, this season it was impossible to ignore the intrusive clutter of a heated debate. New Brunswick is well along the bumpy road to a not-so-quiet revolution in health care. From the casual visitor on a short stay in struck by how far Premier Frank McKenna has taken his crusade to restore citizens into the world of tranquillity. The drive has even led to a scandal: toast served at one hospital was actually made in Toronto, shipped in and reheated.

Because of cuts in federal transfers, amounting to about \$50 million this year, McKenna and his health minister, Dr. Russell King, have turned the province's \$1-billion health care system on its ear. The old regime of 51 separate hospital boards has been dismantled, replaced in 1992 by a series of seven regional corporations. A cap has been placed on physicians' salaries (family doctors can still earn \$275,000), a cap has been set for the number of practitioners in each region, and the number of hospital beds is being reduced. The result is that people are being asked to travel greater distances for special care. The pressure also is on to amalgamate such services as laundry, lab testing and even meals, thus reducing jobs and the amount of local service.

In an effort to cut costs and staff, the Saint John Regional Hospital is among the first health sites to activate their kitchens. Some parts of the new meals on wheels—brated at bedside—come from Toronto's controversial Ralco Corp., which supplies the hot food at Toronto's SkyDome, where patrons have bled about the high prices. The toast made arose when it came to light that a Toronto company, called Royal Toast, shipped it down east, ready to burst, after it was thawed. Locals promptly denounced it as "toast from afar." Subsequently, the Saint John Times-Globe revealed that the meals actually contained more local produce than in the old system. Still, officials in Fredericton have taken to assuring one and all that when their turn comes to close their hospital's books, the toasters will stay on the floors.

Not content with food economies of scale, New Brunswick also

has retained the consulting firm of KPMG, which, with Dynacore Laboratories of Toronto, will report on whether cost reductions can be achieved by centralizing lab testing. And the new Miramichi Regional Hospital will open its doors shortly without one custom-made item—a laundry. The sheets and towels will be cleaned for less in Cascoville.

New Brunswick, of course, is not alone in squeezing health-care spending. Consolidation of hospital boards was a feature of the health-care reforms in Saskatchewan, and a plan to turn out laundry service sparked a bitter labor dispute in Alberta, a province that has led the fight to break the model of a centrally run medicine system. Ontario is about to plunge into a bitter and protracted period of hospital closures and, ultimately, restrictions on covered services.

Because Alberta and New Brunswick are further down the road than other provinces, the anger of citizens about health-care cuts has been pronounced and palpable. It is the kind of heat that prodded Prime Minister Jean Chrétien into last week's assurances about safeguarding the medicare law.

But the federal assurances may be too little, too late, given the radical changes taking place in health care in the real world. A patchwork of totally differing programs

may well be in place before the federal government can assert national standards. Citizens can only hope that citizens will rally to the side of a national program that offers portability within Canada and access to common services. The federal government certainly no longer has the economic clout to force the will.

There is no doubt that when citizens glimpse the future, they are horrified. In New Brunswick, there have been so many angry confrontations about cuts that politicians have stopped showing up at community meetings. Instead, they are leaving the unpaid volunteers who make up the regional boards to defend decisions effectively made in Ottawa and Fredericton. The reforms have pitted doctors against patients and communities against each other. Tranquillity gave way to conflict. The only point of agreement, it seems, is that Toronto can keep its toast. And that finishes any better than doctos.

Robert Lewis



On Passamaquoddy Bay the summer splurge of the medicine debate

FROM THE DIRECTOR OF THE BLACK STALLION



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Swinging back to school: preparing today's students to meet the challenges that lie ahead

'A balancing act'

As a graduate student, educator and one who works in the information technology field, I read with great interest your Aug. 26 cover story, "Surfing back to school." The article nicely summarized the disagreements between two sides of the educational technology debate. In our search to improve Canadian educational systems and in our efforts to prepare today's students to meet the challenges that lie ahead, we should make use of the technological tools at hand. We should remember above all, however, what it means to learn, and that learning is a way of being in the social world. A learner must be engaged—both in the context of their learning, as well as in the broader social world. Creating the proper environment for a lifelong learning process will require a continuous balancing act, and unprecedented co-operation between educational, industrial and government power brokers. Canadians must ensure that this balance is maintained, and in

doing so, we may hope to provide today's students with the guidance they will need to meet the challenges to come.

Kenneth Miller,
Ottawa

As an education officer/software writer, I see as much kids' software as anyone. I am a believer. The newest trend integrates books, music, puzzles, etc., with multimedia CDs to bridge the gap between the video computer and the old-fashioned computer experience. The three Rs? The software companies have opened their pocketbooks to developers of phonics, math, reading or writing programs that are so rich and well researched that I grasp with amazement. Visit a

library and watch the bookshelves everywhere but at the teacher. Then watch them on a phonics program with an intensity that defies logic solving. They learn by exploration and experimentation in hands-on situations better than sitting and listening. Computers loaded with the means of software provide teachers with a wonderful tool that supplements traditional methods.

Jean Allard Brown,
London, Ont.

The world's first digital computer was invented 58 years ago in Poland, not 56 years ago in the United States. The Polish intelligence agency broke the German military code Enigma in 1932-1933 and developed an electromechanical digital computer for decoding Nazi messages. The computer became age irrelevant in 1938 and copies of it were given to Great Britain and France. This contribution by Poland is credited as the source for much of the intelligence gathering by the Allies and their eventual success in winning the Second World War.

A. T. Brzezinski,
Edmonton, Ont.

No confidence

Gen. Jean Boile has lost credibility, and Defence Minister Donald Cameron should replace him with someone who has integrity and the leadership skills needed to lead the Canadian Forces. It is appalling that Boile accepts no responsibility for alleged documents and places the blame on those beneath him ("Men culpa, nobody else," *Canada*, Aug. 26). In the military,

Passing the buck

During the last election, one part of the Liberal election rhetoric was that they, as a government, would create jobs. Now they are saying that is the responsibility of the private sector. However, what happens when the private sector realizes that it costs money to do business? Layoffs follow as their costs skyrocket due to union demands. According to Dennis McMillan, it is the "social responsibility of corporations" for any training that may be required in the case of layoffs or cutbacks ("The training game," *The Bottom Line*, Aug. 26). My employer did not pay for my university education or other education courses. It was for my benefit, therefore it was my responsibility. I agree that "public budgets for training are squeezed," but it is the responsibility of the individual to better himself or herself in social and educational skills, and not that of the state or the corporate world.

Kenneth B. Hall,
Whitby, Ont.

There is a code. Look by example. If this is the example that our young men and women have to look up to, then our system is in serious need of an overhaul.

Bonnie Pater,
Essex, Ont.

Let us give Gen. Jean Boile the benefit of the doubt and assume that he really did not know of the destruction and the alteration of documents related to the Somalia affair. But then he should be fired for incompetence because he had no idea of what was going on in the Forces under his command.

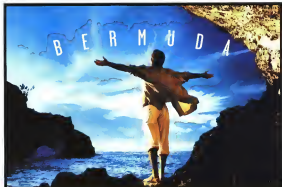
Alvin Hoff,
Toronto

'Shock and disgust'

Shame on MacInnes! There was absolutely nothing newsworthy in your Aug. 26 article "Mystery woman" (*Canada*). Rather, it was a sensational piece of trash aimed at curiosity on the sick life of Paul Bernardo. Why can't you just let him rot in his cell?

Derek Baum,
Edmonton, Ont.

I got to know Paul Bernardo through the media as a serial rapist and murderer, but it is possible that there is a good another side to him. Your article "The seeds of attraction" fails to comprehend that Bernardo's female friend seems to be a well-adjusted, sensitive human being. She knew him before the pub



YOU ONLY LIVE ONCE.

But if you LIVE RIGHT,
once is enough.



Large fill with air made fresh that day
celebrating waves "Your eyes open to



"Your pulse slows, in time to softly
moving glories. No you



listen to the song of a kokoiu, miles away "Forget how old you are and remember
how young you are. Call your travel agent or 1-800-Bermuda. Make yourself happy

— Let yourself GO —

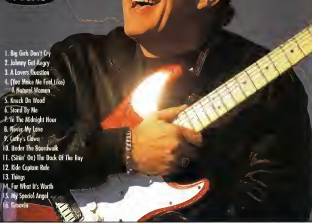
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Maclean's welcomes readers' letters, but letters may
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Submissions may appear in Maclean's electronic files.

Wahl, 2000

1. Big Girls Don't Cry
2. Johnny Got Angry
3. A Lover's Question
4. (Two Make Me Feel) Love
5. Natural Women
6. Knock On Wood
7. Stared By Me
8. It's The Midnight Hour
9. Moving My Love
10. 99 Cents' Worth
11. Under The Boardwalk
12. (Sister) On The Back Of The Day
13. Ride Captain Ride
14. Things
15. For What It's Worth
16. My Special Angel
17. Escapes



CHFI FM98

Toronto's perfect music mix:

he did, and befriended him. He must have had a spark of good in him at one point. Now if women fall in love with someone who they know is a criminal, then, yes, I would recommend they get out of it, help because their selfishness is probably softening. But people seem to be too quick to judge what they don't understand. We can't presume to know what Bernhardt's female friend feels or sees in him. She knows the truth now—she has suffered enough.

Shelagh Coven
Treasurer

I am totally shocked and disgusted by such a report. You are opening the wound once suffered long and hard by the victims' families, and subjecting your readers to a 246-page report on Paul Bernardo. This story is only fit for the tabloids or a study in abnormal behavior in a psychology book. You are insensitive and offensive to your readers.

Lowell Torg
Richmond, BC

Paul Bernardo's "Mystery woman" admits that her situation raises the disturbing question: "How can a well-adjusted young woman be attracted to a man who has committed such horrific crimes against other women?" Even a cursory reading of her

d to the simple
even now can't

We Canadians, as custodians of a huge slice of the planet, manage it with less than a 10th of the wealth and power of our only adjoining neighbor. Rather than being overwhelmed, we thrive.

Being so few charged with the custody of so much need to such might gives our mission a focus and perspective. Our actions in the world achieve a profile way out of proportion to our small population. The boldness of our land is like a catalytic first expands our feelings of responsibility for humanity, life and the rest of the world. We are known for our contributions throughout the world.

Being so big, however, we have to pay. In maintaining an enormous amount of real estate we support vast transportation, recreation and government systems. Additionally, we provide exceptional care of, and service to, our citizens. Yet we complain about the very things that are a part of who we are—distance, weather, high costs, English, French, acadian, and we vociferously advocate for non-assisted people.

At heart we are inclined to be, as a people, gracious and kind. We often make no

A. Barrett Fraser,
Tomball, TX

Andy Turnbull states that psychologists have been warning us that children raised in day care tend to develop social and control problems ("Day-care connections,"

with all types of problems. Also, most child care centres are now implementing the see-and-stop violence prevention program, which involves empathy training, impulse control and anger management.

Frank J. Mithell
London Oct 30

I am an early childhood educator and I disagree with Andy Turnbull. In the day care center where I work, the children are treated with love and respect. They are, as turn-

Adrian Tucker
Oshawa, Ont

taught to share, respect others, follow rules, hone motor skills, and develop socially and cognitively. I meet children who have social and control problems. Many parents I am acquainted with are impressed with the improvement in their child's social skills. Parents who must work most find a day care center that meets their needs, and they must assume responsibility for the lives they've created and are leaving the children alone.

Adrian Tucker
Oshawa, Ont

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Opening Notes

Edited by BARBARA HICKENS



A go-slow order for Chrétien's drivers

While Jean Chrétien's popularity remains high across the country, he suffers by comparison to Brian Mulroney senior in neighborhoods near Hamilton, Lake, Que., 25 km north of Ottawa. Residents along the shores of Mirror Lake have complained that the RCMP's daily convoy of security cars slows the new road just used for the PM's summer residence at speeds of up to 80 km/h. Several near-accidents on the scenic

route have set tempers blazing. Some of his neighbors note that the problems only started after Chrétien assumed power in 1986, and that Mulroney's boys were "a lot more considerate." Mulroney spokesman Sgt. André Guertin told Mulroney's that the forces must take the complaints seriously, and all of the officers concerned have been cautioned. "Unnecessary speeding will not be tolerated," adds Guertin. The Prime Minister, when approached by a neighbor last week, merely smiled and replied, "It's not an airport, it's these guys. Go after them." Canadians can only hope that Chrétien has a surer head on the wheels of state.

A recall at RJR-Macdonald

Recalls of hazardous products frequently intrude on kitchen appliances or children's toys. Now, cigarettes can be added to the list. Last week, Canadian tobacco-maker RJR-Macdonald ordered a recall of its new King-Size Lights K2, a make-your-own assembly package that includes 200 cigarette-paper tubes with filters and the same number of ready-made tobacco inserts. Soon after the kits reached stores in May, the Toronto-based company began receiving hundreds of complaints of burning tobacco falling out of the paper tubes as the cigarettes were being smoked. Twenty-four



people reported burn holes in their carpets or clothing. An RJR-Macdonald representative said that, because the cigarette inserts are too small for the paper tubes, the company was stopping production and recalling unsold packages. It will also exchange unsold 100-mm K2 cigarettes for an equal number of factory-made Export As. More than 270,000 kits were made—about six per cent of RJR-Macdonald's total annual production of all cigarette products—and the company is now producing a new product, you can have problems," says Mary Tredelle, RJR-Macdonald's vice-president of public affairs. Where there's smoking, there's fire.

'Cape Breton for Clinton/Gore'

Last week's Democratic party convention in Chicago drew political junkies from around the United States, as well as official observers from 130 countries. Among them were five lively Cape Bretoners who used their connections to the Nova Scotia Liberal party to wrangle invitations to Chicago. Don MacRae, Keith Anderson, Sheldon Matheson and Rose Munn, all from Sydney, and Gary McVicar from Glace Bay distributed large buttons bearing Maple Leaf symbols and the slogan "Cape Breton for Clinton/Gore" to bemused Democrats. "People ask us if we have a vote," said Mia Riely. "We say, 'No, we're here to inspire the States as the 11th province.'" The Cape Bretoners' enthusiasm averted a no vote flag when they situated themselves behind the convention podium and waved Canadian and Nova Scotia flags over the balcony. TV cameras caught glimpses of the foreign bachelors, grasping security officials to reach over and peepily but firmly instruct the Canadians to be more discreet.

A new attitude?

In the verbal war between Quebec separatists and the Parti Québécois government, Montreal Gazette editor-in-chief Jack Fraser was seen as a voice of moderation. Last week, that quality appeared to have contributed to his abrupt decision to resign, and remove the new owner of the *Gazette* from the paper chain. Edward McKelvey's takeover was a harder editorial stance against separatists in its pages. Premier Lucien Bouchard expressed concern about his departure, but Montreal businessman Stephen Jaroslawski, a close ally with the *Gazette* board, said his replacement should stop "upsetting" the PQ.



Smith (left) and staffer the Vice squad

Changing a vowel

In just under two years, Vice has grown from a Montreal-based talkback covering the local art scene into a national alternative weekly with a circulation of 65,000. But when the paper started distributing in New York City in May, it ran into problems. *The Village Voice*, the 41-year-old New York-based counterculture weekly, derided a lawsuit because it had copyrighted Vice as the name of the "voice" supplement. "They were really stupid," says Vice. "We kept our paper but you have to change your name or we'll sue," says the Montreal paper's business manager Shane Smith. "So we did." For the new name, Smith and editor Sarahachi Aivi decided simply to drop the "V"—no longer become Vice. And everyone is happy with the change. "It feels right," says Aivi. "The name fully represents where we are going."

Eagleson makes his hockey comeback

Looking for a big name symbol to alter its image, into Canada's play at the current World Cup of Hockey, Toronto sports-radio station The FAN called on Alan Eagleson. The former head of the National Hockey League Players' Association pleaded with the team's president, the Canada Cup board, and his replacement should stop "upsetting" the PQ.

BEST-SELLERS	
FICTION	
1	Lawrence Sanders, <i>The Glass Key</i> (H)
2	The 10th Knight, James English (H)
3	Alan Watts, <i>Momentary</i> (H)
4	Bill and the Boys, Alan Macdonald (H)
5	The Secret of the Room, Anne York (H)
6	The Secret of the Room, Anne York (H)
7	Adventure Classics, A. New York (H)
8	A Glass of Blood, Robert Jordan (H)
9	The Secret of the Room, Anne York (H)
10	The Secret of the Room, Anne York (H)
NONFICTION	
1	Book: Neil & John, David Allen (H)
2	The Secret of the Room, Anne York (H)
3	The Secret of the Room, Anne York (H)
4	The Secret of the Room, Anne York (H)
5	The Secret of the Room, Anne York (H)
6	The Secret of the Room, Anne York (H)
7	The Secret of the Room, Anne York (H)
8	The Secret of the Room, Anne York (H)
9	The Secret of the Room, Anne York (H)
10	The Secret of the Room, Anne York (H)

A history of the Jays	
POP MUSIC	
The Crow flies again	

POP MUSIC	
The Crow flies again	

POP MUSIC	
The Crow flies again	

Passages

BANNED! Former B.C. premier Bill Bennett, 64, been trading in securities for 10 years, after being found guilty of insider trading by the B.C. Securities Commission in Vancouver. In 1989, the three were found not guilty of criminal charges relating to a 1988 deal that netted the Bennett brothers \$2 million. The deal, which involves a sale of the company to officers or directors of publicly traded B.C. firms, said the case involved "deceit," "greed" and "conspiracy." According to the commission, Bennett figured out the brothers that a planned takeover bid for his company had failed through allowing them to sell their shares at a profit before the news became public and the stock price plunged.

FINALIZED! The divorce between Prince Charles, 47, and Diana 35, after 10 years of marriage on the grounds of separation for two years, in a London court. Under the divorce terms, Diana loses her royal title, receives an estimated \$25 million and has shared custody of her two sons, princes William 14, and Harry 11.

SENTENCED: Fugitive American financier Robert Vance 60, to 13 years in prison, after being found guilty of economic crimes against the state in Havana, where he has lived since 1982. Vance fled from the United States in 1972 to avoid charges that he bilked multi-fund investors of more than \$200 million. The Crown said he deceived them and forged investors as part of a scheme to change a music club to invest capital and profits.

APPOINTED: Longtime senior public servant Richard Blumenthal 47, as president of the Canadian Newspaper Association, the industry's trade and lobbying group, in Toronto. Blumenthal, who spent 23 years in Ottawa, has been a deputy minister in the Delors government for the past four years.

RECOVERING! Russian swimmer Alexander Popov 25, who won two gold medals at both the Atlanta and 1992 Barcelona Olympic Games, after being stricken by waterborne viruses, in a Moscow hospital. Popov, the world's fastest swimmer with a 50 m and 100 m race in 1991, was apparently caught in the middle of an argument between the vendors and his friends, but is expected to make a complete recovery.

A feud at the RedCross

BY D'ARCY JENISH

The photo display, which commemorates the 100th anniversary of the Canadian Red Cross Society, sparks ruckus about the proud past of a venerable national institution. Located in the society's downtown Toronto Blood Centre, it is a tribute to the thousands of ordinary Canadians who have given the "gift of life," and to the celebrities—from former prime minister John Diefenbaker to Annette Bening—whose names have been inscribed on the society over the years. But instead of the sentimental celebrations, the Canadian Red Cross is facing an unprecedented crisis. Next week, federal, provincial and territorial health ministers will meet in Toronto to consider a proposal to turn over control of the country's blood system to an entirely new, publicly owned, nonprofit corporation. In advance of that meeting, Maclean's obtained confidential letters from senior Red Cross officers to top government officials, including federal Health Minister Daniel Daynard, which reveal that the blood collection service is beleaguered by mounting legal challenges, pettily huge financial obligations and growing hostility from senior health ministry officials across the country. Indeed, the problems have become so acute that even the society's own managers admit that an overhaul is inevitable. "Decisions must be made," Red Cross secretary general Douglas Lindores told Maclean's. "This is the time to settle these things and get off to a clean, new start."

That will be no easy task. The financial crisis confronting the Red Cross is rooted in the limited blood resources of the 1980s. More than 1,000 people were infected with the human immunodeficiency virus, which causes AIDS, after receiving contaminated blood or blood products from the Red Cross—a tragedy that costed Ottawa to pay more than \$100 million in compensation to victims and led to a million-somebody public inquiry under Ontario Court of Appeals Judge Hanser Krever. Now, according to the letters, the society faces new claims for compensation, which could exceed \$200 million, from an estimated 12,000 people who contracted hepatitis C, a frequently fatal liver disease, through the blood supplies.

The letters also show that the Red Cross has been unable to obtain long-term financing from its principal lender, the Toronto Dominion Bank, for \$100 million in society-related improvements to the blood system. "They're a bit stuck up," said one medical professional who has worked as a liaison between the Red Cross and government, and who requested anonymity. "The banks were dead-end in the money they used to modernize their systems."

Despite outlining the magnitude of the organization's problems, the Red Cross letters contain demands, threats and ultimatums. Senior

Confidential letters reveal a dispute about blood policy

Can the system be fixed?

A confidential poll conducted on behalf of the Canadian Hemophilia Society between June 22 and July 17 found that Canadians believe fundamental changes are needed to restore public confidence in the country's blood system. But the 2,013 respondents were more divided on what should happen to the Red Cross. Some key findings:

- 85%** favor regular audits to ensure the safety of the blood system
- 94%** favor developing strict medical guidelines on the use of blood and blood products in Canada
- 88%** support fully releasing the report of the public inquiry into the blood system by Justice Hanser Krever
- 71%** favor allowing Canadians to make self-directed blood donations to their own transfusion or their own blood type
- 60%** support establishing a totally new organization to administer blood collection in Canada, 48 per cent are opposed

managers have repeatedly requested federal and provincial financial assistance. Alternatively, they have threatened to reduce blood supplies or curtail the safety-related programs. Finally, in a letter dated July 28, Lindores informed Daynard that the Red Cross may get out of the blood business unless a solution is reached by Sept. 30. "We will do our best to ensure uninterrupted investment in the safety measures and no reductions in service levels," he told the health minister. But he also added, "We will, of course, do whatever is necessary to force this issue to resolution."

In fact, a potential resolution, prepared by a consortium of civil servants, medical professionals and consumer groups for the Sept. 30 to 31 ministers' meeting, could see the beleaguered Red Cross lingo-

quish the blood business, now the health ministers resolve they require to run the society. An confidential public opinion poll, conducted in July by Toronto-based Environics Research Group Ltd. and released by Maclean's, found that one-third of Canadians have little or no faith in the existing system. The survey, commissioned by the Canadian Hemophilia Society, also revealed that half of Canadians believe the Red Cross should be replaced.

At the same time, senior management of the Red Cross is already another crucial constituency—the provincial civil servants who deal with the society on behalf of their respective health-care systems. In 1981, the federal government created the Canadian Blood Agency to replace the Canadian Blood Commission, and gave the new organization a clear mandate to control costs and broader powers to negotiate the purchase of products from the Red Cross. (In fact, the CBA will spend about \$170 million on such purchases during the current fiscal year.) But according to one former CBA official, the agency and the Red Cross have had a rocky relationship. "Their attitude was we don't need you, we're just going to pay our attention to you," said the official, who declined not to be named. "When we posed questions, we were told to get lost. This was the blood business and they knew the blood business."

Lindores attributes the problems to the inability of the blood agency's previously appointed board members to make decisions. "The time involved in negotiations and the speed of decision-making is unbearably slow," he said. "Most of the difficulties arise because arrangements, which we negotiated with the staff of the CBA, often with extreme difficulty, have not been approved by their board of directors. I have never negotiated an agreement that has been rejected by my board."

Given the national conflicts and financial pressures, the country's health ministers announced last April that they were going to reform the blood system without waiting for Krever to report. The Toronto-based inquiry, which has cost more than \$15 million to date, wrapped up two years of testimony in December, 1995, after hearing from 400 witnesses across the country. But it has been delayed for months because the Red Cross, the federal government, six provinces and 38 former health ministers launched a legal challenge—largely unsuccessful—to prevent Krever from releasing individuals in the scandal. Krever has now scheduled a final set of public hearings for October, after which he will accept submissions on the future of the system, and write his report.

But some observers question whether anything useful will come out of the inquiry. "My concern is that Krever spent too much time analyzing the problems of the early 1980s and very little time on the current system," said Wang Bieger. "He can draw some conclusions about what went wrong, but we need a new system."

The problems with the status quo are abundantly evident in the correspondence between the Red Cross, the CBA and government officials over the past year. On Sept. 28, 1995, Lindores informed Scott Campbell, an assistant deputy minister of health in Ontario, that the Red Cross faced continuing and escalating costs of \$50 million in fiscal 1995-1996, even though the system's fees—which comes from provincial governments—had been increased to \$98.3 million that year, up from \$151 million in 1994-1995. Lindores said the Red Cross had developed an emergency plan that involved reducing services at its 17 blood centres for the remainder of the fiscal

Wang-Bieger: 'The question for the ministers is what about the Red Cross?'

appear altogether from the blood business. Maclean's has learned that the committee has recommended that an entirely new agency take charge of the system. The committee has hired a national accounting firm to estimate the cost of purchasing the 17 Red Cross blood treatment and distribution centres. Alternatively, the Red Cross could operate the system as a subcontractor to the new agency. "The big question for the ministers," said Deborah Wang Bieger, president of the Montreal-based Canadian Hemophilia Society and an adviser to the committee, is "What about the Red Cross? Is it in or is it out?"

According to several sources, Red Cross officials have been vigorously lobbying federal and provincial health officials to preserve their current role. But some observers note that recent opinion polls, which show public confidence in the blood system declining in the



year and "could result in a US- to 20-per-cent cut in blood supply."

In a letter dated Feb. 14, 1996, Lindars warned Brent Foster, an assistant deputy minister with Health Canada, that unless the Red Cross received additional funding of close to \$40 million, it would suspend work on two critical safety-related projects, effective April 1. One involves the development of a new computer system that would allow the Red Cross to trace the flow of blood from donors to recipients and, if necessary, quickly halt distribution of contaminated supplies. The other consists of the adoption of some 800 new operating procedures at the blood treatment centres to bring Canadian practices up to the level of American and other international standards. The cancellation of these projects could have dire consequences, Lindars said. "Canadian expect the Red Cross to meet modern industry standards," he informed Foster. "An inability to do so would certainly call into question our ability to continue as a provider of the blood services."

Lindars sent a copy of the letter to CBA executive director Bernard Doyle, who promptly fired off a terse response: "I do not understand your need to raise these issues with Health Canada before they have been fully explored between the Red Cross and the CBA." Doyle wrote back: "In fact, I find it puzzling that you have taken this alarmist action." He went on to say that CBA officials attributed \$10 million of the society's \$58-million deficit to "participation in the Kerner inquiry, including not only direct legal fees, but also public relations expenses." Moreover, the blood agency had concluded that another \$7 million of the shortfall was due to a self-insurance fund the Red Cross set up without CBA knowledge or approval. Finally, Doyle pointed out, the Red Cross had received a seven-per-cent increase in its operating budget for 1995-1996, and stable funding for 1996-1997. In the face of massive, ongoing cuts to healthcare expenditures across Canada.

Outside contractors who recently assigned the Red Cross safety-related capital projects have raised a series of troubling questions about escalating costs. For example, the contractor that is advising the minister on restructuring the blood system hired an Ottawa firm, the CQI Group, to examine the new computer information system. A copy of CQI Group's confidential report, made available to *Maclean's*, reveals that the cost of the system has skyrocketed to \$58.8 million from the original 1991 estimate of \$10 million. "The project management team has poor," the consultants concluded in their report. "The schedule has never been met since the start of the project. It is very likely that the project will overrun its budget, given past history."

Finally, just as the country's health ministers and their senior officials were digesting this information, the Red Cross hit them with another bombshell: it is seeking assurances that the provinces and territories will pay for damages that the courts may award to people who contracted hepatitis C through blood supplies. In an Aug. 1 letter, Red Cross president Janet Davidson informed all deputy health ministers that the number of lawsuits filed by victims in recent months has risen sharply. "It is estimated that the claims for which the society will be seeking reimbursement from the provinces and territories may be as much as \$200 million," Davidson wrote.

Most observers agree that hepatitis C infections must be dealt with before a new national blood agency can ensure operations—if the country's health ministers go that route. But as the scrutiny and mounting financial woes in the Red Cross correspondence reveal, settling with the provinces is just one of many hurdles that must be cleared before a new era can begin for Canada's troubled blood supply system. □



Doyle says growing liability from senior officials

SEEKING REDRESS

Like bullets from a battlefield, the news about Canada's tainted blood scandal keeps getting worse. Of the more than 1,000 Canadians who contracted AIDS through contaminated transfusions in the 1980s, about 850 accepted compensation in 1994, while 30 others have launched lawsuits against the Red Cross. Two of those cases are scheduled to begin in Toronto this week. But it now appears that at least 12,000 other Canadians received blood containing hepatitis C, a chronic, potentially lethal virus that attacks the liver. Symptoms—which can be dormant for 10 to 30 years or appear immediately—include debilitating fatigue, impaired mental functioning, personality change, and, finally, liver failure. "All the attention paid to AIDS will pale by the time hepatitis C is fully known," predicts Herb Mosler, 45, a Vancouver vice-president of the Hepatitis C Survivors Society.

So far, fewer than 100 of those with hepatitis C have launched individual lawsuits. Many are awaiting the outcome of the ongoing public inquiry into the tainted blood scandal, which they believe will help clear the legal fog that has enveloped the issue of responsibility since it first erupted in the mid-1980s. While they wait, lawyers are drafting class-action suits, a process that takes one plaintiff to argue a case on behalf of all those who may be directly affected by the case.

Ottawa lawyer Pierre Lefebvre, who is co-counsel on one such suit in Quebec, says that it will be brought against the federal government, Quebec and the Red Cross, because all participated in the decision not to test blood for the presence of the hepatitis C virus. Such tests were adopted by U.S. authorities in 1986, but Canada delayed the same year to merely study their effectiveness. Canada began to test for the virus in 1990.

Many hepatitis C victims are particularly angered by that decision, because the AIDS debate had already alerted officials to the potential impact of contaminated blood. They are also concerned that the slow, if unrelenting, progress of the hepatitis C infection may obscure its tragic impact.

Mosler jokes that he felt lucky to get the "slow one" when he learned he had hepatitis C, not HIV, after multiple transfusions in the early 1980s. But he is dead serious when he talks about the need for establishing a clear trail of responsibility for tainted blood. "Politicians and bureaucrats have lost sight of doing the right thing," he says. "Covering their asses—that's what they think the right thing to do is."

NATASHA DICKSON



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CANADA NOVA SCOTIA Moonshine revival

In a Saturday night and the muddy afternoon vehicle carcasses through the dark primordial woods. So it comes as a bit of a surprise when the driver turns and yells over the rattling of wheels of the engine. "We're in the middle of shoe country now, eh?" There are no towns pointing out the moonshine trail through these remote areas in western Nova Scotia, near the New Brunswick border. No tourism department brochure transports the stills, hidden in the hillsides, that produce illegal liquor. And no signs point the way to the backwoods cobs where three of the best-known producers of the "good stuff," as the locals call it, rather over big barrels of their home-made booze. The still in the back shed sits idle tonight, waiting for the proprietor to begin running his next batch. But in this room full of blurry eyes, cigarette smoke and sports chatter, the defiant, irreverent spirit of the outlaw liquor has seeped from the wood-fer.

It is an indigenous art, practiced in basements, woodsheds and forest hives by men with names like "Moonshine Bill" and "Deepwoods Dave"—their secrets passed down from generation to generation. They are not about to tell the government liquor stores out of business in Atlantic Canada. But production is on the rise in the region, whether to the mountains of Nova Scotia's Western Valley, the woods of Cape Breton or the coasts of Prince Edward

Island. According to Stelf Sij, Don Roy, head of the RCMP's customs and excise section in Halifax, there has been a marked increase in the number of complaints and tips received by the police about the activities of local moonshiners. "The increase is probably because of the poor economy," he explains. "But there's a historical factor at work as in a lot of these areas—they've just always made their own liquor."

The process is deceptively simple. Start with a liquid base that can be as fundamental as water, add yeast and sugar and let it ferment for a week or so until the alcohol level hovers around 13 per cent. Put the "mash" in a flask, which could be anything from a steel beer keg to a large copper tank. Place it over heat and wait for the alcohol—which boils at a lower temperature than water—to form a gas, which is siphoned off and cooled until it drips into a highly concentrated liquid. Then, repeat the process. "It all depends upon how many times you run it through," says Bob Jay (his real name), a 36-year veteran of the craft whose father, ironically, spent the Prohibition years as a police officer chasing rumrunners in New Brunswick.

Bob is an authority—a retired engineer, actually. And like a fellow moonshiner—a mil-

lioneer in shoe country, "the clock and you'll know why."

40s father of one and James Joyce aficionados who take across the table talking knowledgeably about. Some-Prize: Charlie is listed street to capture the British forces at the Battle of Culloden in the Scottish Highlands—Bob relates the backwoods stereotype. At the age of 70, he takes pride in his work, distilling his product three times, once using charcoal filters, before he deems it drinkable. "The still that only goes through twice can be God-awful." Not to mention dangerous: some local moonshiners reportedly use car radiators to manufacture their elixir and some of the stills are constructed of high lead solder—adding to the potential for lead poisoning.

But for every person warning about the return to rural Atlantic Canada, there appears to be another who swears by it. More than 70 per cent alcohol, it goes down like liquid fire and sells for \$200 per two-litre bottle, which is \$5 higher than most of the competing contraband. "You not a commercial retailer," he explains, "I make by make it for my own use." In that regard, he's like about half the still owners in the region who balk at paying the high price at the government liquor store—or simply prefer their own downpouring concoction to the polar market value by legitimate distillers. "One drink," he adds, "and you'll know why."

The one stilling across the table, on the other hand, sends a trunk full of the stuff to Halifax once a week. There, it magically appears on the restaurant and at the bars where men like him like their drink plain and potent. For his troubles, he pockets about \$600 a week.

The underground life can have its share of hazards, though. Barely a month goes by without the RCMP, also aided by pure-blooded neighborhood snitches, nabbing a moonshiner—from back-

woods barrels, operating some-foot-high stills to small run operations making a little still in kitchen pans using the water that the craggy land, a one-hour drive west from Halifax, seeps to sear the outflow. Unless they sell to underage drinkers, or a relative blows the whistle, they say they are usually safe. There are no many official lookouts in the region, one of them brags, but by the law the authorities make their wills there is no trading in it but a whole lot of spirits in the air. That and the dark echo of laughter somewhere in the hills.

JOHN DEMENT

Canada NOTES

OTTAWA RED FLAGGED

Heritage Minister Sheila Copps defended her campaign to give Canadians five national flags after last week because of its popularity, is expected to cost \$20 million. The plan to distribute one million flags was announced on Feb. 15, the 21st anniversary of the introduction of the Maple Leaf, when Ottawa decided to promote Flag Day. Copps says she will find the money to pay for the campaign within her departmental budget.

TENSION IN TEMAGAMI

A bomb wrecked a wooden bridge used by logging trucks over the Temagami River in Northern Ontario, heightening tensions in a region where tensions are spiced by provincial government's decision to expand mining and logging of old-growth pine forests. No one immediately claimed responsibility for the blast.

CALGARY GIRLS GUILTY

Alberta Provincial Court Judge Peter Levesque convicted two 15-year-old girls of manslaughter and robbery in the July 1995, multiple-slaying death of Kaitlyn Dineen, 24. "They were out for sex, booze, drugs and country music," said Levesque of the girls, who had been planning to hack their way to get to a party before they dragged down Dineen. Levesque rejected a defence argument that the girls were making a sexual attack.

MURDER OVER PIZZA

Regina police charged Tjames Gervais, 22, with second-degree murder and attempted murder after a man drove over Scott Vanc, 22, and Andrew Simon, 19, killing Vanc, when a dispute over a pizza led to all three men being ejected from a pub. Outside, a car struck the two as they crossed the street. Five days later, Simon was found dead. "Scott just wanted a bite of pizza," said Simon, who was left out and bruised.

YUKON ELECTION CALL

Yukon Government Leader John Oshroff, touring his record on local issues, called a territorial election for March 30. The new Yukon Party (formerly the Conservative) had seven seats in the territorial assembly, compared with six for the NDP and one for the Liberals. There were also three independents.

A military that keeps its secrets

Col. Geoff Howell told a federal inquiry into the so-called Somalia affair that a parasized mistrust of the media permeated Canadian Defence Headquarters in Ottawa. Howells, a former director of public affairs with the defence department, said documents were removed and destroyed after 72 hours to prevent "reporters' requests for access. He testified that he could not say whether Gen. Jean Boileau knew about the scheme, but said "It was openly discussed among public affairs employees."



Howells 'negligent' in detecting charges

Howells, who has a court martial on seven counts related to the destruction of military documents, said that while he knew about the plan to remove certain reports, he was "negligent" in failing to detect that the documents had also been added. Howells said that even though he did know of the alterations, he should be held accountable. "I don't shrink from that," he said.

Howells' lawyer, who wrapped up nine grueling days on the stand, maintaining through that he did not know of the plan to alter documents. After a week's adjournment, the inquiry will return to its original task—investigating the former Canadian Airborne Regiment's ill-fated mission in Somalia in 1993, during which Canadian soldiers tortured a Somali teenager to death and shot other Somali civilians.

THE COURTS

A date for Airbus

Justice André Robich, of Quebec Superior Court in Montreal, set Jan. 6 as the date when Borel's \$500-million claim against the federal government will go to trial. The case is scheduled for the court's 1996-97 fiscal year. Robich launched the suit after the federal minister from the federal government to Saskatchewan alleged he was part of a 1968 kickback scheme involving Air Canada's purchase of 24 Airbus jetliners for the public.

The prime of the court also opened a number of verbal spats by lawyers on both sides. Chief Justice Sheppard, representing Ottawa, and Mulroney received equal treatment by getting his case put on a first track. Mulroney's lawyer, David Thibault, accused Ottawa of "years of foot-dragging" and said that the "very same" Mulroney, who was fired from the federal's "suits who tried to delay the trial is still in power."

Federalists win Round 1

Quebec Superior Court Justice Robert Pelletier ruled that lawyer Guy Bernard can continue in his bid to seek a court order to prevent any future referendums on Quebec sovereignty. Pelletier criticized the Quebec government for trying to have the case tossed out instead of arguing its merits. That view was shared by the federal government, which had intervened in the case to force Quebec court to allow the referendum. After a majority of the Quebec government's appeal was rejected by the Supreme Court of Canada and the other provinces approve. "This case cannot be dismissed summarily," said Federal Justice Minister Allan Rock after the ruling. But Quebec Justice Minister Paul Bégin continued to insist that "only Quebecers have the right to vote on the issue."

Last spring, Premier Jacques Charest threatened to call a snap election if Ottawa tried to set rules for the next referendum. Pelletier's ruling came the same week that public hearings began into Bill 40, which would amend Quebec's French language charter. The two events exacerbated tensions between hardline separatists and the province's English-speaking minority. At the core of Bill 40 is a plan to restrict the Commission de protection de la langue française, a group of inspectors relied by anglophones as the language police.

A sex scandal casts a shadow over Clinton's campaign kickoff

Spoiling the fun

With friends like this, Bill Clinton may well have wondered to think Republican? The President was deep into a week that emphasized moderation, responsibility and what has become the holy of holies of American political life: so-called family values. He was finishing a speech in which he would offer himself for reelection on Nov. 3 as "a bridge to the 21st century"—poorly positioning himself as the man of the future and painting his Republican opponent, 73-year-old Bob Dole, as a man whose time has long passed. All seemed set, but life has a funny way of upsetting the plans of even The Most Powerful Man in the World. And so it was last week as Clinton's Democrats met in Chicago. Suddenly, his chief political adviser, Dick Morris, who had taken public credit for the President's own emphasis on family issues, was on a plane after receiving top secret reports that he had been deeply involved in a year-long relationship with a 500-hour hair oil girl. Worse, the report, Morris had whispered campaign secrets to the woman and privately referred to his old friend Clinton as "the Moister."



ON ASSIGNMENT
ANDREW PHILLIPS
IN CHICAGO

Clinton has survived much worse than that. The same politician that broke the Morris story, the supermarket tabloid *Star*, reported in 1993 that he had had a lengthy affair with a singer named Jennifer Flowers, but he recovered and won the presidency '96. Morris's resignation again raised the character issue that has long haunted Clinton, and it embarrassed him at a time when he is powerfully positioned for the final nine-week sprint to voting day. Last week's conversation was part of a two-week stage play aimed at showcasing his metamorphosis into an older, and hopefully less, central leader. It began with a choreographed 50th birthday party on Aug. 19, broadcast nationally to highlight Clinton's passage to full maturity, and ended with a convention to conservatism in tone that critics dubbed it "Republican Lite." In between, there was the so-called 21st Century Agenda, the President's four-day trip through five key states, which featured daily policy announcements along with the bizarre spectacle of Clinton leaning from the back of his campaign shuttle "I love you dog" and "Nice garden" to people being along the tracks.

Clinton (right), and Vice President Al Gore move to designate a new vice president

Amazingly, American voters seem to be buying it. Barely 18 months ago, Clinton was an underdog and so overwhelmed by the right-wing Republican Congress that he was left feebly protesting at one point that "the constitution gives me no relevance." Now, polls show not only that he has a lead of anywhere between 19 and 26 points over Dole, but that the man once stuck with the "Shelbville" label is actually liked and trusted by the electorate. Trade Luce, the Republican pollster, says one key to Clinton's political conscience is that he is the best political communicator since Franklin Delano Roosevelt—better even than Ronald Reagan. "This is a man who knows how to relate. He knows how to get into your soul," says Luce. "People think they're really got to know him, and they're finding they like it. He's the older brother who keeps getting in trouble, but he's always bringing home the beer." In contrast, Dole, despite intense efforts to humanize him, still often comes across as a grumpy grandpa.

The Democrats launched their campaign in the city that, 26 years ago, witnessed their most disastrous treasonous meeting. Meeting in San Diego two weeks earlier, the Republicans successfully evaded the ghosts of their 1992 convention, whose right-wing rhetoric alienated voters. The Democratic ghosts were older and scarier, but they too, died with barely a whisper. They were the black-and-white images of Chicago police beating anti-war demonstrators in 1968 during America's hottest summer of discontent, which finally drove Democrats gathered in the city to nominate Hubert Humphrey. Last week, the first president of the anti-war generation returned to Chicago to be greeted by supporters waving signs reading "Clinton/Gore: 100,000 new jobs!"—a reference to the President's promise to bolster the so-called special forces of law and order.

The convention also cemented Clinton's political positioning as what Americans call a "New Democrat"—a party moderate able to straddle the old liberalist divide. His party adopted a platform whose proudest boast is that Democrats are actually doing the things that Republicans only promised to do: cut the federal deficit (by 60 per cent since 1992, to \$180 billion U.S.), and reduce the size of the federal bureaucracy (by 200,000 positions). There are dramatic parallels with Jesse Jackson's 1988 presidential campaign, which has close roots to the deficit and domestic Clinton than the Conservatives ever managed, despite their rhetoric. At the same time, Clinton has moved to the center on a host of social issues, taking a tougher stance against crime, raising standards and increasing choice in education, reworking the welfare system, and, as every politician would and more emphasis on the ubiquitous "family values."

The demons of Chicago '68 may have been chased into the shadows, but they have not entirely vanished. The bloody street clashes that helped to seal the fate of the Democrats that summer are now almost as long ago as was the Spanish Civil War to the Studies generation. So it was no surprise that last week's re-enactment of protest tactics such as a nostalgia, big Civil Rights Day, once and for all the students in the Chicago area were on trial and now a California state senator, quoted at the mercy of the beaten and gassed last time around, but this time checking into the cook Westin Hotel. Los Angeles, another summer protest leader summarized his experience thus way: "The politics was important,

OUT OF THE FAMILY

thing is everything in politics, as it so much else in life. So when Bill Clinton's most influential political adviser, Dick Morris, quit amid reports that he had a relationship with a prostitute, the effect was magnified by exactly when it happened: early hours before the President was to deliver his first major speech to Democrats assembled in Chicago. The 68-year-old political consultant admitted nothing, but his resignation spoke volumes. And the supermarket weekly that made the allegations against him backed them up with detail and photographs. They show Morris, who is married, with Sherry Rowlands, a 37-year-old call girl who sold her story in the tabloid *Star* after an anonymous source told Morris, she said, had to suppress her by recording a ministerial secret to her—including showing her an advance copy of Hillary Clinton's convention speech.



Morris: the Star story (below) shook his fate

Morris was a controversial figure among Clinton's advisers even before these revelations broke. He has worked with politicians from both major parties, as opposed in their views as left-left former New York congressman Bill Clinton and Republican Senator Jesse Helms in the far, far right. After Clinton called him back to help rescue his failing presidency in late 1994, Morris quickly collided with others in the White House who saw him as an unscrupulous self-promoter. That controversy only grew when *Star* magazine's U.S. edition put Morris on its cover, perched on the President's shoulder, and captioned him to be "The man who has Clinton's ear." Realities in the Clinton camp were mirrored: "Dick Morris was always a problem," Democratic pollster Luce said in an interview. "A lot of people are happy to see him gone." Even on his way out, Morris took credit for Clinton's political revival, saying in a statement that he had built himself to be able to give the President "a second chance at a second term."

According to the *Star*, Morris quit last year when he called an escort service in Washington, and she stopped seeing other clients. In July, however, she approached the *Star* and it began verifying her account. Last week, the *Star* gave the daily tabloid New York Post an advance copy of its story and the paper ran it under the headline "Bill's bad boy." That sealed Morris's fate, and sent the man who advised Bill Clinton to push "family-friendly" policies back to his home in Connecticut to explain the whole affair to his wife, Ellen.



WORLD

The music was good. The dope was good. The sex was good."

Much was forgotten, but not all was forgotten. For the vast majority of Chicago's notorious police beats, the riots of '68 are just legends, though powerful ones. But for some old-timers, being pilloried around the world as a violent, out-of-control police mob still rankles. The cops printed T-shirts with the slogan, "We kicked your father's ass in '68. Wait till you see what we do to you." One of the few in Chicago to whom that message applied quite literally seemed delighted. Andrew Hoffman, 35-year-old son of the late protest leader Abbie Hoffman, even wore the T-shirt, under an American flag-sized shirt that echoed his father's famous protest outfit. "I always looked on that as ironic," he said. "At least, no one's come around to kick my ass so far." After two days of trying, Hoffman finally got himself arrested and cited—possibly—for disorderly conduct after he and Chicago Seven veteran David Dellinger, 53, knocked across to a local justice department office.

For some, the legends of 1968 are still very much alive. John Schultz, a professor of creative writing at Chicago's Columbia College, reported on the riots for the literary journal *Esquire*. Review and later wrote a firsthand account of the events called *No One Was Killed*. One morning last week, he revisited some of the key sites: the corner of Balbo and Michigan avenues, where police inflicted some of the bloodiest damage on both demonstrators and bystanders; magnificent Black-singer Faubus, where protesters tried to smash their gas from their eyes; and the equestrian statue of the Civil War general John Logan, which demonstrators climbed to create an enduring image of youthful protest. No one tried to reposition Logan last week, but Chicago authorities had not left even that to chance. They actually unseated lower parts of the statue with grease to discourage any repeat efforts—though veterans of 1968 would be far too cranky to attempt the climb.

The divisions of 1968 still resonate in Chicago, said Schultz, despite the city's efforts to brush them off. At the recent premiere of a



Hillary Clinton
Dated with
daughter
Chelsea: a
message
about youth

film on the events, he recalled, people on both sides of the conflict started arguing as if it had happened just a few weeks earlier, not a generation and a half ago. "The Democrats shaped their convention in reaction to the '68 convention," he said. "From the beginning it was 'Heil the wounds of '68.'" Now, of course, Clinton is led by the son of the man who incited the bad old days, Mayor Richard J. Daley. The current mayor, Richard M. Daley, known universally as "Dick," has never condemned his father's behavior in addressing police on protesters, but he has charted a much more liberal course. He has even brought prominent veterans of the 1968 activist movement into his administration.

Clinton is attempting something similar on the national stage: creating a coalition that spans the divide between traditional liberals and moderate centrists. Indeed, both Mayor Daley and his brother William are politically close to the President. Bill Daley served as his chief congressional lobbyist for the North American Free Trade Agreement. And both are comfortable with the course that Clinton has charted for November. That process began long before last week's trade ride and convention, in the wake of the Republican victory in the congressional elections of November 1994. At that time, Republican Newt Gingrich was riding high as the newly installed Speaker of the House of Representatives, pushing his radically right-wing Contract with America. Clinton, having graduated through a largely uneventful legislative agenda in 1993-1994, had lost a lot of 25-percent approval in the polls and was, by all accounts, personally depressed.

That was when Clinton turned to the now-disgraced Dick Morris, with whom he had worked since his days as governor of Arkansas in the late 1970s. Morris advised the President to move

decisively to the center. Clinton took the advice: he proposed a balanced budget plan that included cutting spending on Medicare, managed to stick the Republican Congress with the blame for shutting down the federal government last Christmas, proclaimed in his state-of-the-union address in January that "the era of big government is over", and stole a key issue from the Republicans by signing a bill that requires work for welfare.

Finally, like all politicians, he relied on his opponents to make their share of mistakes. The Gingrich Republicans may have overreached themselves by assuming that their victory in 1994 was a public endorsement of their radical agenda, rather than what most analysts now say it was: a protest against the failures of Clinton's first two years. Patricia Griffin, who was in charge of the President's relations with Congress from late 1993 until January 1996, said he was amazed that the Republicans veered so far to the right. "They helped us by being so extreme," he said in an interview. "It gave the President the opportunity to operate right down the center. They believed their own press releases; they never made it hard for us."

All that leaves Clinton in an unstable position, well placed to become the first Democratic president since Roosevelt to win a second term. He is playing the generational card against Tale to great effect, last week even bringing his 16-year-old daughter Chelsea into the public spotlight more than ever before to send the not-so-subtle message that he still has a young family. His biggest advantages include the third-party candidacy of ill-favored Ross Perot, who is expected to take most of his votes from Dole, and—most important—the strength of the American economy. None of that guarantees victory, but even amid the temporary distraction of Morris's departure, it makes it Clinton's election to lose. □

Clinton has straddled the left-right divide



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PAGAD supporters claim to be helping Arafat

Islamic vigilantes

The checkered kaffiyeh headscarf obscures all but his dark eyes. Mosgrain, a young Muslim South African, marches the air expectantly as he joins with his fellow vigilantes in chants involving blood, death and grace to Allah. Marching through a darkened Cape Town street, his green semiautomatic pistol tucked into his trousers in clear view, Mosgrain is on his way with 200 or so other members of People Against Gangsterism and Drugs, or PAGAD, to a local drug dealer's house to try to smother out street justice. Hardly armed police in get-around cars close off the road and prevent the vigilantes from reaching their target, but the militant leaders promise they will try again, perhaps tomorrow night.

When they do, there is every reason to expect that the organization's secretive, hard-core—some trained in Middle Eastern guerrilla warfare and respected of pursuing a broader Islamic agenda—will again be joined by troops of local citizens, mostly descendants of indentured Muslim laborers brought over by the British two centuries ago. They, like the rest of the population, are outraged at South Africa's minority crime spree. In the 20 months since President Nelson Mandela and his cabinet first declared all-out war on crime, the country's record has become one of the worst in the world: 45 of every 104,000 South

Africans are murdered each year, eight times the international norm of 5.5 (London, 20 New York City, 30.5). A woman is raped every six seconds and nearly 200 armed robbers are committed daily. Tourists are regularly hit, and foreign investors are losing confidence. In mid-August, German business leader Erich Eiler was murdered by would-be hit-men who shot him in the back outside his luxury Johannesburg home once he was taken to hand over his car keys.

A militant group fights street crime—often brutally

The German Chamber of Commerce accused the government of failure to kill its promise to create an investor-friendly environment, saying "we are extremely concerned that law is meaningless out there."

In the sense that the social battle is rapidly escalating that has led to the emergence of PAGAD and a clutch of smaller vigilante groups in several urban centers, PAGAD rallies have attracted up to 10,000 people. Newsweekers regularly carry letters glowing the series, if not its tactics, which are often brutal. In early August, 1,500 supporters stormed through Cape Town streets, pulled notorious gang leader Rudi Staggie from his car, threw a flaming Molotov cocktail at his lap and shot him dead. Recently, Justice Minister Dullah Essoo, a conservative Muslim, led his home east of Cape Town, where PAGAD rules the streets, after receiving death threats against himself and his family from Muslim militants. Essoo's departure is widely seen as unable to stem

the tide of criminality, due to police corruption, weak prosecutors and an exorbitant relationship dating to the apartheid era of the 1980s, when security forces used gangsters to help wash political dissidents. Indeed, the militants have the Mandela government and Cape authorities on the defense. Despite stern warnings that firm action will be taken against vigilante violence such as Staggie's murder, only a few of PAGAD's leaders have been arrested or questioned. Other and other officials have gone out of their way not to antagonize the militants, dropping charges of sedition against some leaders and conceding publicly that they have a legitimate complaint about the levels of crime.

Still, the organization has caused unease among Western intelligence sources, who see the group as a beachhead for fanatical Muslims whose aims such as to spread their influence in Africa. A leaked South African police report recently concluded that highly trained Islamic militants had formed revolutionary cells in Cape Town, Durban, Johannesburg and other cities, bent on creating a broad-based Muslim movement. Their agenda, the report said, includes the use of the carefully proscribed South African becoming an Islamic state.

Muslims currently number just one to two per cent out of 40 million people and its largely Christian black population has shown little interest in converting—to sidelining South Africa in the broader evangelical struggle for influence and conversions elsewhere on the vast continent.

Most Muslim antagonists dismiss the so-called American propaganda. "There is definitely a battle between Christianity and Islam for the soul of Africa, and Muslim activists are very busy evangelizing overseas, but this has little impact on our country," says Ebrahim Moosa, director of the Centre of Contemporary Islamic Studies at the University of Cape Town. He concludes that a few of PAGAD's militants are Middle East-trained fighters, but that the majority that the Westerners accuse of making the route to and from South Africa's heavily relied upon via land and air.

Yet there is little doubt that the genuine community anger over runaway crime has become a highly successful vehicle to mobilize Cape Muslims. As police armed vehicles thwart Mosgrain and his comrades from completing their turf wars and gangster missions, the mood is angry and the energy in anyone who is not with the militants "maybe not tonight," says a former Mosgrain. "But we will get these scenes and we will clean up our streets. We will take on anyone who stands in our way, whatever it is the police or Mandela's cabinet. One day soon, this country will be ruled by Muslims." Then, he disappears into the night, shouting the traditional Islamic phrase, "Allah is Akbar."

CITIES EXHAUSTED in Cape Town

World NOTES

A TOUGH MOLESTER LAW

As a world congress to fight the sexual exploitation of children convened in Stockholm, California legislators passed a controversial bill requiring "chemical castration" for child molesters. The bill, which Gov. Pete Wilson said he would sign, requires that second-time offenders undergo regular injections to kill their sex drive, or submit to surgical castration.

ARAFAT'S WARNING

Palestinian leader Yasser Arafat warned Israel of a new Arab uprising if the Jordanian government of King Hussein did not move faster to make peace with Israel. Arafat said that Israel and Jordan had a four-hour peace talks after Israeli authorities announced they would expel Jewish settlements on the West Bank and demolish a Palestinian youth center in East Jerusalem.

KOREAN DEATH SENTENCE

Former South Korean president Chun Doo Hwan was sentenced to death for his role in the 1979 coup that brought him to power and a 1980 massacre of pro-democracy protesters in the southern city of Kwangju. His successor, Roh Tae Woo, was handed 22 years in prison for his part in the same events. The two were also convicted of obstructing justice. Chun had said he would appeal the death sentence, a process that could take months.

ARCTIC CRASH

A Russian tanker carrying Russian and Ukrainian oil sank in a remote Arctic island in Norway crashed into a mountain in a crash that brought 141 people aboard. The *Topaz*, 174 people left snowbound on the mountain. It was approaching the airport in Sandness, an island 100 km north of the Norwegian coast.

MEXICAN TURBULENCE

A leftist guerrilla group launched a wave of attacks on security forces in two central and southern states, causing turbulence on Mexico's financial markets. Authorities said 25 people died and at least 25 were wounded in the fighting, the worst since the uprising against the government in the state of Chiapas in 1994. The left-wing group came into their days before President Ernesto Zedillo was to give his Sept. 1 state of the nation address.



A detained Serbian policeman throws a rock at Muslims in Moraca, tense atmosphere

BOSNIA CLASH: A tense confrontation between Serbian policemen and NATO troops worsened the political atmosphere as the country prepared for national elections on Sept. 14. NATO's 40th anniversary celebrated the 45 police after they beat and then fired on Muslims who had returned to their village of Mahala, on the Serbian side of Bosnia's ethnic dividing line. The violence was the worst since the Dayton peace agreement was signed last December.

Angry Serbs then held 55 UN officials in a town nearby until the policemen were released. Ethnically based problems with voter registration last week led European officials supervising the elections to cancel voting for municipal offices.

'The war is over,' says Lebed

"I hope this is our final withdrawal of the war," said a weary Russian soldier who gave his name only as Vladimir. He was one of thousands of Russian troops who last week streamed out of Grozny, capital of the breakaway republic of Chechnya, in the wake of a peace agreement that actually seemed to be working. Thousands of Chechen rebels at so last the city, which shortly before had been torn by the "war" battle since Moscow deployed its troops against the separatists in late 1999. Amid ethnic political fighting in the Kremlin, national security chief Alexander Lebed had worked out the initial pact with Chechen leaders. Then, after more talks at week's end, the Grozny conflict got its wish.

Declared Lebed "The war is over." Under their final peace plan, the Russians and the rebels were to leave Grozny by Sept. 1, except for the joint patrol. A joint commission would supervise a full Russian withdrawal starting on Oct. 1. Meanwhile, Chechnya's political status would be put on hold until Dec. 24, 2001, when, "with cold heads," the two sides could discuss its future. Lebed said. The post-war was strengthened by support from acting President Boris Yeltsin, who had earlier seemed ambivalent about Lebed's peace efforts. Yeltsin remained in seclusion outside Moscow. Aides continued to deny that the president, who had two heart attacks last year, was seriously ill.

An Iraqi assault on the Kurds tests the West

President Bill Clinton put U.S. forces in the Persian Gulf on high alert after Iraqi troops pushed back and overran a Kurdish border stronghold in northern Iraq. About 12,000 Iraqi soldiers joined forces with a Kurdish militia to capture the city of Arbil. UN sources said. Analysts suggested that Iraq President Saddam Hussein was testing the West's resolve by sending troops north of the 36th parallel, the line that Iraqi forces have been barred from crossing since the 1991 Gulf War. A U.S. military spokesman said that American forces, combat vessels and fighter planes patrolling the Gulf could respond to threatening Iraqi troop movements accordingly if called upon.



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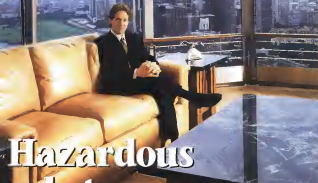
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Hazardous substance

The former Galactic CEO in his Singapore office: 'I don't understand. Is this a loaded question?'

BY JENNIFER WELLS

"I don't understand. Is this a loaded question?" The flow of queries had not been terribly abstract. Did Robert Friedland, the Canadian mining industry's czar of the year, see a distasteful connection between a chief executive officer of a mining company and the on-the-ground operations of a corporate mine site—that is between himself as the worldwide CEO of Vancouver-based Galactic Resources Ltd. and its ill-fated Summitville gold mine in Colorado? He did not like the questions, and furnished at first with an answer: "I was chairman and CEO of Galactic Resources for a number of years, a Canadian company with 20 or 30 operating subsidiary companies," he said. Then he switched to a comparison. He could no more expect to have known what was going on at Summitville, he told *Maclean's* in May, than the chairman of Exxon Corp. would be apprised of "pipe breaks in an oilfield in Azerbaijan."

But little Galactic Resources was no Exxon. And ever since its Summitville subsidiary declared bankruptcy in 1992, leaving an environmental mess that, to date, has costed up \$120 million in cleanup costs, Friedland has been, as he has often said, the "poster boy" for chemical waste—"Toxic Bob" to critics.

Now, the U.S. Environmental Protection Agency and department of justice have stepped up their efforts to nail Friedland to the wall. Earlier this year, the two agencies sued Friedland in federal district court in Denver for the mine's extensive cleanup costs. And in late

August, they obtained injunctions in Denver, Vancouver and Toronto to freeze \$162 million (U.S.) worth of securities owned by Friedland "to ensure that sufficient funds remain available to pay for the cleanup at a hazardous waste site." Friedland first got wind of the seizure when Montreal Trust in Vancouver phoned his office there to say the securities had been sequestered. The court orders were issued as he was in the process of exchanging shares in Denison Fields Resources Inc. for Inco Ltd., the culmination of Inco's takeover of Denison Fields' huge Vasey's Bay, Labrador, nickel field. The actions were secretly undertaken, and the justice department, "to prevent Friedland from discovering the government's plan and altering the stock trade."

Reached last week at a hotel in Myanmar (formerly Burma), Friedland denied the justice department's "duplicitous tactics," its "venal" tactics. And he mocked the rationale for the seizure: "I couldn't have broken it for love or money," he said, referring to his agreement to transfer his Denison Fields shares for those of Inco. "Look, if I wanted to—I—oh with the money I could have sold my Denison Fields shares a hundred times over and put it in banks you've never heard of." For the justice department, that was exactly the point, seeing the mismanagement of the stock swap to pad down the certificates' worthlessness. The U.S. government went so far as to have a Vancouver press newspaper to determine the timing of the share exchange.

U.S. government officials state a further reason for seeking the help of Canadian courts, that a successful judgment under the as-

so-called *superfund* law—the environment act put under which Friedland is being pursued—would likely not be enforceable in Friedland's other corporate homes of Singapore and Australia. Courts in both Vancouver and Toronto will this week hear motions from Friedland's lawyers to quash the orders. Says Friedland: "I am very confident that my justice in Canada would do the right thing."

In response for the extraordinary transnational seizure, the U.S. justice department has stepped beyond general notions of corporate accountability to claim that Friedland "in his individual capacity" was an operator of the Summitville mine. The wording is key. To prove Friedland's liability, the U.S. government will have to make the case that he was a hands-on operator.

The EPA has long believed exactly that. In an affidavit, EPA lawyer Nancy Magnuson alleged that Friedland "personally made various decisions or instructed onsite personnel to conduct various practices that caused or contributed to the release of hazardous substances upon and from the site." Friedland, she says, "had a primary role in decision-making for the design and installation of the leach pad liner."

Friedland has argued for years that he is not and was not a mine operator. "I've never come within a mile of an operating decision," he says, arguing that he hired the best people, the best firms, including San Francisco-based Berland Civil & Mineral Inc., the engineering firm brought in to take the mine into production in 1986. Friedland has also said over and over that he resigned as Galactic's CEO in June, 1990, and as its chairman the following November. But, as previously reported by *Maclean's*, an ongoing U.S. grand jury investigation has highlighted Friedland's timing. According to affidavits filed in Vancouver this spring, Galactic's Denver counsel made a presentation to Friedland and the board on environmental matters in the same month that he resigned as CEO. In November, 1990, the Denver firm lobbied Galactic for a memorandum "that expressly dealt with the legal liability of Galactic's directors." The Vancouver filing relates to the efforts of Friedland and other former officers to block the release of corporate communications between Galactic-Summitville and its Denver counsel. Appended to the filings was a grand jury subpoena for documents from a host of officials, including Friedland, Robert Cook, Galactic's vice-president, treasurer, and Summitville mine investigator George Backster. Tom Chisholm, Backster and Chisholm were indicted last November. That case is expected to

go on trial early next year. Last week, consultant I. S. Karmali told *Maclean's* that there is "still an ongoing criminal investigation concerning" of Summitville matters. Obviously, he wouldn't be pursuing this unless there were the possibility of further charges. In May, Scott struck an agreement with Summitville's lawyer in Singapore, which pleaded guilty to 40 felony counts in the lead of the company.

Summitville's troubles started at its inception. A so-called leach leach facility, the mine was designed to remove gold from huge piles of ore by sprinkling it with a cyanide solution. But the design failed to account for the 30 feet of snow that descends on the San Juan Mountain range most winters. In its rush to meet production terms in compliance with lending agreements with the Bank of America, Summitville pushed ahead with water collection. Early on, the leach leach "pad," a synthetic liner that lies under the crushed rock, was ruptured from a snow slide, and the cyanide solution started to leak into the groundwater.

With the high precipitation levels, it became clear that the mine, which was permitted in a "zero discharge" facility, would need to discharge into the adjacent river system. In fact, it won the problem of acid mine drainage—runoff containing

copper, other and other metals—that was the pre-eminent environmental issue at Summitville. "Acid mine drainage and heavy metals are the primary issues," says Paul Jones, chairman of the Colorado Mining Association's Summitville task force. "Galactic made them significantly worse, but they were there from the 1970s." Because miners have been working Rio Grande County for more than a century, it has been impossible to audit precisely the damage caused by Summitville. A study by Denver engineering consultant Knight-Ridder and Co. blamed Summitville management for "chronic contribution of shallow groundwater with uncontrolled discharges." But it also stated that water quality downstream from the mine "was considered unsuitable to support fish because of the acid water emanating from historic drainage tunnels." In last July, the EPA reached a \$650,000 settlement with Cleveland-Cliffs Inc. for contributing to the hazardous nature of the site in the late 1980s.

When environmental battle over what damage can be attributed to Summitville's operations, the EPA contends that the environmental risk increased when the company abandoned the site. The high level of water in the leach pad, said the EPA, "threatened to cause a catastrophic release of cyanide and metal-contaminated water." Since then, the agency's efforts to stabilize the site have overwhelmingly driven critics for the enormous amounts of money spent for its own inability to meet environmental standards on water discharge.

Meanwhile, the EPA's Minegate remains eager to hear from Friedland directly in March, she told *Maclean's* that she had been trying to serve Friedland for more than a year with "request for information" forms. Given the scope of those requests—81 U.S. and Canadian income tax returns for the past five years, an accounting of asset transfers or bank withdrawals in excess of \$5,000—the could not have been surprised when Friedland proved elusive.

With the latest civil actions, the EPA will most certainly hear from Friedland soon. Last week he was on his way to Kanchaburi, where he is pursuing other mining ventures. In the next few weeks, a leach leach copper project in Minnesota that he helped finance and that George Backster has been leading the construction on will start production. Back in Myanmar, Robert Cook is overseeing a leach leach copper project for Friedland's IndianNio Goldfields Ltd.

Again, there are bad apples in the regime. Only when the Summitville mess is settled once and for all will the Friedland story become crystal clear. □



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The Bottom Line

Fashioning the future

When it comes to fat and fashion, business is as fickle as any other sector of society. In the 1990s, conglomerates were all the rage. In the 1970s, direct government ownership of assets was in. Leveraged buyouts were the height of the 1980s. And in the 1990s, a CEO who hasn't restructured or re-engineered is woefully out of style. With the divorce of Charles and Diana last week, the royal House of Windsor has now downsized, accrued a real-life loss, written down goodwill and released an erstwhile asset and operations.

Even the hard planes of theoretical economics are not immune. For example, it's considered hopelessly frumpy to cling to the frayed vestments of John Maynard Keynes, who preached that demand should be sustained by direct government intervention in the economy. Just as in the garment industry, everything old is new again: the bold strokes of supply-side economics are back in vogue.

The term "supply-side" has a certain gravitas, a solid ring of credibility. But in fact, it's just a codeword of 1980s-style voodoo economics—otherwise known as trickle-down theory or Reaganomics. Supply-side advocates—whose ranks include American Republicans and some Canadian Tories—propose using income tax cuts to stimulate the economy. Politicians, they point out, can no longer vote voters with promises of government largesse. And tax cuts provide an expedient, all-the-heck replacement for traditional public works projects and regional handouts.

Critics insist that supply-side theory was discredited in the 1980s under President Ronald Reagan. They argue that the reduction in tax revenue greatly contributed to the accumulation of massive government debts.

Proponents of the theory, however, counter that lower marginal tax rates are a sure-fire way to encourage people to work harder and to boost productivity. Lower taxes are also touted as a way to increase savings and spur investment.

Sounds like a snap. But there are some subtle flaws in supply-side dogma. For one thing, there is relatively limited scope for prodding people to work harder. While the average hours in Europe's work week have declined over the past 20 years, North Americans who are still employed are logging more hours than ever before.

That's the result of several recent developments. Widespread corporate downsizing means that fewer people must do the same volume of work. The trend to link pay to performance is also pushing people to clock more time on the job. And the push to outsource operations has increased the pressure for fast, cheap production.

Supply-side economics is back in vogue, but there are some subtle flaws in the dogma

In reaction to this frenzied pace, a recent survey by researchers from Robert Half International indicates that two-thirds of Americans would now opt for shorter working hours for less pay. Furthermore, the Generation X work force has displayed little faith in traditional corporate cuts. This group is more at ease in the era of ruthless restructuring. And it places greater value on meaningful or flexible work than on promises of job security and benefits.

There's little evidence that tax cuts would translate into savings or investment in the near term. North Americans are hindered by unprecedented levels of personal debt, which will have to be reduced before consumer spending revives. In June alone, more than 6,000 Canadian consumers filed for bankruptcy.

Finally, despite the fact that most supply-siders declare monetary policy is dead, it has got enough life left to bite them. A growth spurt would surely lead central bankers to sound the inflation alarm and to chill the economy with an interest rate hike.

The Progressives: Conservatives are the latest to embrace the supply-side and cut-the-tax cuts. Last week, Finance Minister Paul Martin vowed that the Liberals will resist that latest economic fad. But as a flickered election looms and cranky Canadian voters start muttering pressure, fashion may yet claim another victim.



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RYCKMAN PUNISHED

The Ontario Securities Commission banned Calgary entrepreneur Larry Ryckman from trading securities in the province for 16 years because of stock manipulation. The move follows a similar ban imposed earlier this year in Alberta after regulators ruled that the former owner of the Calgary Stampede football club had manipulated share prices in a company he owned. Ryckman plans to appeal the Alberta ruling.

STAR CHOICE JOINS RACE

The Canadian Radio-television and Telecommunications Commission has awarded Star Choice Television Network Inc. of Lindsay, Ont., a licence to offer direct-to-home satellite television services. Two other companies, Borealis Inc. and Power DineTV, have licenses, but neither is close to launching its service. Star Choice says it hopes to be in operation by the end of 1995.

STORM HITS INSURERS

Canada's property and casualty insurers face almost \$1 billion in weather-related claims as a result of recent violent storms—including hail in Calgary and Winnipeg, tornadoes in Edmonton and floods in Quebec's Saguenay region. Based on July results alone, the Insurance Bureau of Canada says 1995 will be the worst year on record for insured catastrophic losses.

RESP CONTENT RULE

The Senate banking committee called on Ottawa to eliminate foreign content restrictions on registered retirement savings plans. Currently, foreign investments are limited to 30 per cent of an individual's RRSP. The committee's chairman, Senator Michael Kirby, said the rule penalizes Canadians who are trying to plan for their retirements.

TOURISM SOARS

Tourists taking advantage of the cheap Canadian dollar pumped a record \$5 billion into the Canadian economy in the second quarter of 1995. Analysts say the increase was partly due to government-sponsored marketing campaigns in Europe and Asia. Despite the favourable trend, spending outside the country by Canadian tourists exceeded the incoming amount by \$715 million.



Savage, Rogers (right), leaving court of appeal

A surprise departure

The second high-level departure from Rogers Communications Inc. in six months raised questions about the depth of management at the Toronto-based company. Graham Savage, the firm's respected chief financial officer, will leave after 22 years with the company. His departure follows that of former Rogers Communications

president Colin Watson, who left in March after 17 years at Rogers. Watson and Savage were part of a small executive team assembled in December by founder and CEO Ted Rogers, 83, to lead the giant cable TV, cellular phone and media company. The significance of the departure divided observers. Andrew Seasholtz, chief executive of Creditunion Securities Inc. in Montreal, said he believes there is still plenty of expertise in the management team. But others say Savage left because of his great growing financial firm to almost \$5 billion in debt and plans to spend \$1.8 billion on capital projects over the next two years. "Savage was running out of room to maneuver," said one analyst. He also suggested that Savage had grown tired of Rogers' management style. "Ted has an ego as big as all outdoors."

the country's largest investment sales firm, with 1,600 brokers. RBC Dominion now controls over \$42 billion in new shares, while Richmond Group's shareholders own 13.6 billion. Winnipeg's Richardson family owns 70 per cent of the company. Richardson, founded in 1936 by James Richardson, 84, long CEO of RBC Dominion's chairman, said the takeover was necessary in the face of increasing competition. "This is a worldwide trend," said Fall. "Either you are going to be part of it or you're the risk of

falling behind." Fall declined to say how many people would be laid off as a result of the merger, but some analysts said it is 600 jobs could be lost. The Richardson deal raised speculation that Midland Whelan Capital Inc., Canada's first independent hedge fund, will also be taken over by a major bank. Midland's share price jumped by \$2 following the takeover. "Midland is in a gully," said Garrett Herman, chairman of investment broker Cowen Ontario Midlandhouse Ltd. "They have got to go."

The Royal gets bigger

The Royal Bank of Canada has agreed to the acquisition of the country's largest publicly traded insurance company. With pay-based on the company's value of \$440 million, the Royal intends to merge Richardson Group with its brokerage subsidiary, RBC Dominion Securities of Toronto. The acquisition will give the Royal

Japan fights back

As the car industry gears up to launch its 1997 models, domestic manufacturers are having the increased competition from their Asian rivals. Since 1991, Japan's carmakers have been losing market share in North America—a result, in part, of higher prices brought about by the escalating value of the yen. But now, the Japanese are fighting back by slash-

ing production costs on new models, including a redesigned Toyota Camry that will go on sale later this fall. In fact, some analysts say that Toyota has cut expenses so dramatically that the new version will sell in the United States for as much as \$2,000 less than the old model. Last week, Toyota Canada denied that a price cut is imminent. Meanwhile, experts say that Honda's new model Accord should be 20 per cent cheaper to build when it begins rolling off the assembly line in Ohio next summer.



The 1997 Camry, cheaper to build



Have you ever seen a grown man cry?

Free for the asking

Canadian banks will soon be free to charge more when customers of other banks use their automated teller machines. Now, banks usually charge a fee when their own customers withdraw money from another company's machine. Starting on Jan. 1, 1996, it will be legal for both banks to levy a service charge for the same transaction. Ironically,



the new rules are part of a larger plan to increase competition by allowing non-financial institutions to tap into their own ATM networks. So, for example, the big banks has announced an additional surcharge.

The best defense

One of the most important rules in the planning is to always fight the tax man, says Timothy Conrick, a chartered accountant in Burlington, Ont., and author of the book *A Declaration of Taxpayer Rights*. He points out the much publicized case where a taxpayer with justifiable grounds from the due date of a disputed return to file a notice of objection with Revenue Canada. "Believe it or not," Conrick says, "77 per cent of all objections filed on time result in a change being made in favor of the taxpayer, so it's worth the sleep to follow up."

Meet the new boss

The ranks of the self-employed continue to increase. StatCan says that 2.2 million Canadians earned at least some income from self-employment in 1994, a 5.5-per-cent jump over the previous year. Among urban centres, Ont., Alta. had the largest proportion of self-employed people—20 per cent.



Internet securities

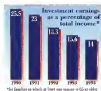
In the past year, the volume of information available online for investors has exploded, with Internet sites offering everything from annual reports to stock quotes. By far the biggest innovation, however, is the ability to trade securities over the World Wide Web—a service now available from at least a dozen U.S. brokerage firms. This fall, Toronto-Dominion Bank's Green Line Investor Services plan to roll out with the launch of a service it calls WebBroker. According to Green Line president John See, WebBroker will not only be the first such operation in Canada, it will also be one of the most secure Internet trading systems to exist.

Currently being tested on a small group of Green Line clients, WebBroker allows as guests to send buy and sell orders directly from their computers, create a special password and identification number. Already, 30 per cent of the discount broker's transactions are performed automatically by clients using the touch pad on their telephones or a computer with joystick controls. With the launch of a Green Line broker, WebBroker



Green Line's See: trading shares on-line isn't rising popularity.

See says, "allowing people to trade on the Net just makes sense." Moreover, See claims the WebBroker is virtually impregnable, thanks to a sophisticated security system based on the latest Netscape software. In technical terms, WebBroker uses a 128-bit encryption system comparable with the 40-bit encryption used by most U.S. brokers. That extra speed and power allows Green Line to use a far more sophisticated coding system to safeguard client information. Explains See, "We think it is one of the most secure systems on the Internet. Investors will no doubt be hoping to be right."



*The families in which at least one spouse is 65 or older

The flip side of cheaper money

In economics, every other thing has a *leis*. Why else would news of faster job growth drive the stock market into a tailspin? It turns out that the recent drop in interest rates also tells a dark tale: many of Canada's seniors are struggling financially because of lower investment yields. According to Statistics Canada, families with one spouse 65 or older received 34 per cent of their income from investments in 1994, down from 25.5 per cent four years earlier. "We all have children and they're benefiting from the lower rates," says Ulfian Munro, then, president of the 300,000-member Canadian Association of Retired Persons. "But it's catastrophic for most seniors."

To make matters worse, many seniors have failed to benefit from the recent stock market boom. That is because older investors generally rely on safe, conservative investments such as bonds and guaranteed investment certificates. In the early 1980s, when interest rates were above 10 per cent, GIC holders were getting pretty rich. But today, GIC rates hover around four per cent. "Many older people are looking at the markets," says Munro. "But if you invest something coming in every month, you're not going to get it back today."

All of which begs a question: what effect will lower rates have on the much-touted trillion-dollar rollover of seniors' wealth to baby boomers? "Parrot it," says Munro. "It's a blurry. That's what happens when you're using it up. If they have to sell a house or a car to survive, then it goes." And with rates likely to remain low for the foreseeable future, big asset sales may be unavoidable.

FORECAST: ECONOMIC GROWTH The Canadian economy is poised to lift off in response to the latest easing by the Bank of Canada, says economist Sherry Cooper of Health Bureau Inc. She estimates that recent interest rate cuts will save Canadians \$2 billion over the next year. "That will boost consumer and business confidence and spur the economy to achieve three- to four-per-cent growth," Cooper predicts.

The hunt for long-lost funds



Alderson in less than a minute, he found \$15,000 in a forgotten bank account

A flip from a friend and 50 seconds on the Internet was all it took for John Alderson to track down \$15,000 in a long-forgotten bank account. Six months ago, the 55-year-old community college professor from Sask. Ste. Marie, Ont., received a letter from an Alberta researcher who claimed to have located missing "assets" belonging to Alderson. The researcher offered to help him locate the funds in return for a one-third cut. Instead, a friend directed Alderson to an Internet service operated by an Oakville, Ont., company called Found Money International Inc. In less than a minute, and for a fee of only \$10, Alderson located the missing money, which he had left in a London, Ont., bank after he and a business partner closed a small retail store years ago. Said a jubilant Alderson: "I put a new roof on the house and lent my son, Tim, \$6,000 to help buy a new car—interest free, of course."

If Alderson's story is unusual, it is only because of the size of his forgotten bank debt. Each year in Canada, thousands of inactive accounts are turned over to the Bank of Canada after going unclaimed for nine years. Once in federal hands, the money earns 1.5 per cent interest annually for 10 years, and nothing thereafter. There are now 60,000 such dormant accounts, holding a total of \$142 million. Eight accounts hold more than \$100,000.

Tracking down a dormant account is a relatively straightforward procedure. Account holders can either contact the Bank of Canada directly or go through a private agency that will search the bank's records on their behalf. For example, computer users who visit Found Money's web site on the World Wide Web (<http://www.foundmoney.com>) can type in their names and find out in seconds if there are any dormant accounts held under that name. If the computer finds a match, a call to the company's 1-800 number is all it takes to find out the account number and bank branch, the holder's last known address, the date of the last transaction and the balance. The charge, added to the caller's telephone bill, is \$9.95 for the first minute and \$2.96 for each additional minute. (Calls typically take one to three minutes.)

Alternatively, the Bank of Canada will search at no cost. Last year, the bank recovered more than 17,000 such inquiries and helped to reunite 3,200 Canadians with a total of \$4.6 million. "We get 200 inquiries a day," says Rachel Bakelman, the bank's manager for unclaimed balances. "We have four people working on the department now. We used to have only one." If a search is successful, the account holder can reclaim the funds by obtaining a letter verifying his or her signature from the bank branch, holding any held up accounts. If the account holder is deceased, the next of kin acquires a death certificate and a certified copy of the will to lay claim to the funds.

By contrast, chartered banks themselves often provide little help to those seeking forgotten funds. Banks are required by law to send out two letters to customers notifying them of inactive accounts, two and five years after the last transaction. After nine years, the money is automatically turned over to the Bank of Canada. Paul Howard, a spokesman for the Canadian Imperial Bank of Commerce, says the CIBC normally charges \$30 an hour to look up old documents. But, Howard adds, "If we just have to punch a number into a terminal, then you probably won't be charged."

Three years ago, Hugh Dolan, 45, a married fund agent in Elm Point, Man., found out just how difficult it can be to get banks to cooperate. While a student at the University of British Columbia in the 1970s, Dolan left \$300 in a Vancouver branch of the Bank of New Scotia. Several times over the following years, Dolan asked a Winnipeg branch of the bank for assistance in trying to trace the money. "I had the account book from the Vancouver branch, but I didn't get much help," says Dolan.

John Alderson was one of the lucky ones. He got his money and a private agency that will search the bank's records on their behalf. For example, computer users who visit Found Money's web site on the World Wide Web (<http://www.foundmoney.com>) can type in their names and find out in seconds if there are any dormant accounts held under that name. If the computer finds a match, a call to the company's 1-800 number is all it takes to find out the account number and bank branch, the holder's last known address, the date of the last transaction and the balance. The charge, added to the caller's telephone bill, is \$9.95 for the first minute and \$2.96 for each additional minute. (Calls typically take one to three minutes.)

JULIE GAGGIN

HIDDEN RICHES

Of the 300,000 dormant bank accounts that have been turned over to the federal government, most contain less than \$100. A relative few, however, hold many times that figure.





Peter C. Newman

Fidel Castro's special Canadian friend

While the entire Western world is having a nervous breakdown over the U.S. embargo on trading with the enemy act, a former Thunderbolt from the Red Army is busy hiding in Havana, Cuba, enjoying two significant gold-silver mines on the forbidden island, entertaining Fidel Castro in Canada—and enjoying every minute of it.

Walter Harold Berukoff is one of those rare Canadian entrepreneurs who operates on the principle that taking risks is fun, and taking big risks is even more fun. He believes that you are what you do, and having tried just about every trade except piracy, he is now very comfortable in a big-time mining executive. His properties in Yellowstone, Nevada, Cuba and Argentina boast grown reserves of more than three million ounces of gold, led through Minner Mining Corp. and Northern Cross Exploration Ltd. On paper, the two companies are worth \$1 billion. His various enterprises employ more than 3,000 people and his annual revenues top \$100 million.

That's a long way from the scrubs of a half-broke kid when Berukoff was born, 51 years ago. Wally, as everybody calls him, stemmed up in Sulina, B.C., a tiny Kootenay settlement between Trail and Nelson, where he attended high school. "Being a third-generation mining guy, education," he told me during a recent interview. "My family was expelled from Russia because, according to our religion, we were capitalists. It was very tough for me growing up because there was a local brokerage house called the Sons of Freedom who set their benches on fire. Didn't believe in taxes, and anyone who kept taking off their clothes in public as a form of protest. That reflected on all of us. I used to be called by taunting kids. 'When is your mother going to take her clothes off?' and stuff like that. I thought very carefully, even at the age of six, what opportunities I wouldn't have because I was Russian. So, I grew up loving my mother like a second-class citizen—and that's what has made Wally run over mine."

After graduating from the University of British Columbia, he joined a Vancouver brokerage house run by Ward Piddler where he set new sales records. "I was an outsize twice by the time I was 22," he recalls, "and broke three times by the time I was 24. I figured out how business works, especially how to use leverage, which means borrowing from the banks, something my family had frowned on almost as much as piracy. He bought a series of three real-estate places in Victoria, which together became the largest independent agricultural machinery manufacturer on the continent."

Berukoff sold out at a profit in 1971 and bought a small lubricating plant in Kelowna, which he still owns. He also spent most of a decade buying about 50 bankrupt businesses from receivers, re-

building them, and spinning them off. His next stop was the real estate business, mainly buying hotels, shopping centres and warehouses. "I owned a lot of businesses that people didn't even know were mine, because I've always tried to keep a low profile, and still do," he says. "Mostly, I work like a kid, like a good old-fashioned. If you want to have a whole lot of leisure time, don't expect to have a lot of money. For me, it's been Wally Berukoff Inc. from the day I could write."

He worked his way through college as an underground digger and fell in love with the industry. He got into mining when he bought the Golden Eagle Mine, near Nelson, B.C., in 1981 and in 1983 acquired the Mac Mine in Yellowstone. He purchased the property for scrap value, but year it earned \$25 million. His Cuban venture consists of two mine sites where open pit operations are being planned. (Neither property has been the subject of U.S. expatriation claims.) In addition, Berukoff has a \$600 million contract with a Cuban state corporation, which will be his 50-per-cent partner, to set up 11 hotels with 4,000 rooms. The deal will include one cruise ships, shopping centres and, says Berukoff, earn substantial returns.

In his dealings with the Cuban government, Berukoff has enjoyed the advantage of a personal friendship with Fidel Castro, who has invited the Canadian to the White House three times and with a Canadian Embassy reception in Havana. "I've met him many times since, privately and publicly, and after I got more and more involved. I just getting messages from him," says Berukoff.

Last December, Berukoff learned that Castro wanted to meet him in Vancouver as much as home to Cuba from a trip to Japan and China. Neither Ottawa diplomats, airport officials, nor anybody else in authority was willing to officially greet Castro, although he was arriving legal at state. "Despite the Canadian government telling me to stay away because Washington would be very upset, I moved," he recalls. He found a first of stretch limousines, paid for 90 rooms at the airport Delta hotel, he knew the Cuban embassy, rented a plane of business, bodyguards and supplied them with cell phones, and did everything to make it easier for both, except hire a stretch limo.

The morning after Fidel's arrival, Berukoff went to the hotel, presenting to the media that he was part of the security net, and the two men spent a day together that included a tour of downtown Vancouver. "Fidel is very intelligent, highly intuitive, very much a man who needs himself as control, and pretty much invulnerable. He continues to be Americans because he knows exactly what they're doing and how they're going to react to his every move."

How does Castro keep that well informed? "He watches CNN," confesses a grinning Wally Berukoff, "and gets The Wall Street Journal, just like everybody else."

People

Edited by
MARILYN WICKENS

Master mimic Gagnon keeps going nonstop

Ever since he burst onto the international entertainment scene 11 years ago with his hilarious rendition of all 16 voices from the *Big Boy* album, Montreal impressionist André-Philippe Gagnon has kept up a torrid pace. Gagnon, 36, performs an average 250 shows a year, with different audiences for French and English-speaking audiences. Although he would like to slow down to spend more time with his wife, Marie-Charles, and their 10-year-old daughter, Camille, Gagnon says the time is not yet right. "I don't have my records playing on the radio to remind people I'm still here," he explains. "I have to be out there playing to live audiences, giving them different voices, fresh material. With his secret show, *Any Given Night* in *Parade People* and *Don't or Else* in *Stirly* International, which opens on Sept. 10 in Toronto's Lincoln Square, Gagnon promises just that. Among the 170s presentations, he has worked up a "best" concept of 50 male and female voices. Says Gagnon, his rubbery face is a wide grin. "It is the ultimate love song."



Gagnon looks

A comic book superhero with spiritual power

When he was growing up in The Pas, Man., about 650 km north of Winnipeg, Chuck Fiddler was like many children—he loved comic books. But unlike most, Fiddler has grown up to produce a comic book—and superhero—of his own. Fiddler, 32, now a Toronto-based graphic artist, has created *Albion, Lord of the Time Before*. It features Lycos, a young man who uses the Star Stone to draw strength from the spirit world as he travels across North America before the arrival of European explorers, spreading light and fighting evil. The first *Albion* comic book was released across North America this summer, with another due in mid-September. Fiddler has also



Fiddler, sitting at his desk, created *Albion*

signed a deal with Toronto-based Phoenix Animation Studios to develop his creation into an animated television series, which—along with toys and other related merchandise—could be available late next year. Fiddler says that he has the blessing, and backing, of native leaders committed to aboriginal legends and culture. "This is a chance to bring our oral and heritage to passives through out North America."



On Goldie's pond



Goldie Hawn and Kurt Russell already had not yet into the stereotype that many Americans here of Canada as a land of ice and snow when they built their stunning summer residence in Ontario's Muskoka cottage country, about 200 km north of Toronto. Not a lot has changed out that another popular stereotype—that of the untidy, polite Canadians—no also prevent any. Hawn complained last week that rock hoppers have been crashing night at their dock in Lake Simcoe to sleep. "It's really been an invasion of our privacy



The stars' summer residence, Hawn (left), never makes it and I thought that would happen to them," Hawn said while in New York City to promote her new movie, *The Part*. Hawn (left) and Russell (right) are in the middle of a new movie, *The Part*. Hawn (left) and Russell (right) are in the middle of a new movie, *The Part*. Hawn (left) and Russell (right) are in the middle of a new movie, *The Part*.

Musicians mix it up

On their first two albums—which produced the hit singles *My Delusion* of a Bombardier Jazz Style and *Wish You Were in My Skin*—the quartet *The Brown Horse* mixed a variety of musical styles from jazz to rock to create their own unique sound. Now, on their newly released *The Master Plan*, they continue to create-political musical genres by mixing reggae to the mix. Montreal-based *Spik* (pronounced) and the Toronto-based members, *Spik* (pronounced), *King* (pronounced) and *Spik* (pronounced), also augmented their mix of genres by sharing microphones with guest artists like reggae artist General Degree and Jamaican dancehall artist *Boomer Man*. *Spik*, 21, describes the result as the "quintessential white music album." The CD also contains cover songs and addresses more adult themes than their earlier work. But *The Master Plan*'s songs "are a reflection of where we are as people," *Spik* says. "It's not just shock value."

OUTBREAK

Doctors are struggling to control drug-resistant bacteria

BY MARK NICHOLES

Medical staff and visitors entering the area wear gloves and full-length gowns. When they leave, they take off the protective clothing for washing, and scrub their hands carefully. The reason for the precautions last week on the fifth floor of St. Paul's Hospital in an outbreak of a mutant *microbe* called VRE that is resistant to just about every commonly used antibiotic. Since June, 31 patients with a minor medical problem—some with kidney failure, others recovering from surgery of one kind or another—were kept in strict isolation from other patients in the 130-bed hospital. Most of them were merely carrying VRE, only one was truly infected with the potentially deadly bug, and doctors thought that it would clear up by itself. But VRE is a frustrating example of a rapidly growing trend: drug-resistant organisms are becoming resistant to antibiotics. The epidemic of drug-resistant bacteria, warns Dr. John DeWitt, head of microbiology and immunology at the University of British Columbia in Vancouver, "should be recognized as a crisis, because unless we do something new it's going to get worse."

How bad could it get? Terrifyingly bad. If the rapidly reproducing and mutating microbes continue to find ways of outsmarting nature's battery of antibiotics, there would be nothing to stop some children's ear infections, for instance, from turning into life-threatening meningitis, and cases of pneumonia that are now routinely treated could instead become routinely fatal. Already, drug resistance is making North American hospitals and the new bugs are making it harder for doctors to treat even respiratory infections. Globally, drug resistance has added the resurgence of such diseases as dysentery and gonorrhea—and helped turn tuberculosis into the world's biggest bacterial killer (page 43). If the number and variety of drug-resistant bacteria continue to proliferate, warns Dr. Stephen Vae, a University of Toronto microbiologist, "missing out of antibiotics could become a real possibility."

As the microbes have passed round, antibodies of the so-called superbug VRE and of MRSA, a drug-resistant strain of

a bacterium called *staphylococcus aureus*, have become almost endemic in some American hospitals—and the actual bugs increasingly are multiplying. Canadian infections. Over the past few years, hospitals in almost every part of the country have confronted outbreaks of drug-resistant bacteria. In Ontario, which appears to be more severely affected than the rest of the country, the number of hospital-based MRSA cases has more than tripled since 2003—to 1,112 known cases last year. "This problem is like a grass fire," says Dr. Donald Low, the Toronto microbiologist who is one of Canada's leading authorities on bacterial problems. "It's popping up everywhere."

Drug-resistant bacteria are already killing people, though precise figures are hard to come by. In Ontario, federal officials are currently carrying out their first study of VRE and MRSA, but the results will not be available until next year. As it is, Dr. David Sisman, head of microbiology at Toronto's St. Michael's Health Sciences Centre, says that he is aware of five or six deaths in Canada during the past decade that were caused by drug-resistant bugs. In the United States—where hospital-based drug-resistance problems have made for heavier hospital bills than in Canada—officials at the Centers for Disease Control and Prevention in Atlanta say that at least 20,000 hospital patients probably die each year while infected with drug-resistant bacteria. "The problem is that people with VRE or MRSA infections are usually seriously ill to begin with," says Dr. Wendy Johnson, chief of Health Canada's national bacteriology laboratory. "So it's often difficult to decide what exactly caused death."

The invasion of the world by bacteria that can outsmart antibiotics has resulted from a combination of factors. Consider it this: In the 1950s, that sophisticated antibiotic drugs had all but won the war on microbes, many of the big multinational drug companies shelved costly research that could have produced new classes of antibiotics. In the meantime, prodigious use of antibiotics has created an environment that gives the versatile microbes constant opportunities to come up with drug-resistant mutations.

In North America, drug resistance is showing up with alarming frequency in the form of middle-age infants in young children. The problem can often be traced to day



care centres, where kids pick up viruses that cause colitis and flu. These viral illnesses can, in turn, set the stage for bacterial infections, usually involving a bug called *strepococcus pneumoniae*, which is becoming increasingly resistant to penicillin. Because of that, doctors are often forced to turn to expensive drugs like ceftriaxone, which costs \$110 per capsule, compared with amoxicillin, a form of penicillin, which costs only about 10 cents per capsule. The same bug is a common cause of pneumonia. If drug resistance continues to grow, says Dr. Kelly S. Macdonald, associate microbiologist at Toronto's Mount Sinai Hospital, paying for costly alternatives to penicillin-type drugs "will break hospital antibiotic budgets. And a whole generation of general practitioners will soon be without which antibiotics to use. It's a really difficult situation."

Some experts think that the growing microbial menace is part of a broader phenomenon, in which humanity's burning collision with the natural world is creating new dangers, including those posed by viruses, a class of microbes that are functionally different from bacteria—but no less threatening. The so-called emerging viruses, including Africa's deadly Ebola virus, are believed to have been unleashed as a result of industrial development in the Third World and whisked to the industrialized nations by jet-borne travelers. In the same way, a mutated bacterium that emerges anywhere in the interconnected modern world can soon be affecting victims thousands of miles away.

Unlike viruses, drug-resistant bacteria do not normally pose a threat to healthy people. But when the resistant strains infect the elderly or chronically ill and cause an infection, they can kill. And drug-resistant bacteria thrive in hospital settings, where—despite

routine hand-washing and hygiene practices—the microbes often find ways of jumping from one patient to another. In July, a woman in her 70s who underwent successful open-heart surgery at Toronto's St. Michael's suffered an MRSA-related infection in her left leg, where surgeons had removed veins to replace blocked blood vessels leading to her heart. The infection caused severe pain and a fever—and left untreated could have been fatal. Doctors turned to vancomycin—the so-called drug of last resort—and the infection eventually cleared up. But even vancomycin, the only readily available drug that can almost always defeat MRSA, is not infallible. And if vancomycin and a few possible alternatives had not worked, says Stacey Brody's Simon, "we might have had to consider trying an experimental drug."

Doctors dread the day when events in the microbial world could create a kind of doomsday bug. Bacteria are sexually promiscuous, reproduce rapidly—and they can swap genes with ease. Experts predict that, eventually, VRE, which is already immune to the effects of vancomycin, will pass on its resistance skills to MRSA—making another large class of bacteria resistant to it. "If we don't get control of this problem," says Stuart Levy, a physician who heads the Boston-based Alliance for the Prudent Use of Antibiotics, which seeks to reduce medical reliance on antibacterial drugs, "we're going to see people dying of infections—especially people with cancer or AIDS and others whose immune systems have been compromised."

What is clear is that widespread overuse of antibiotics provides an ideal breeding ground for resistant bacteria that can threaten human life. The more antibiotics are used, the more opportunity the

Sanctuary St. Paul's
Hospital across
corridors are inhaling
Canadian English



bacteria have to develop immovability—and pass that talent on to other bugs. Bastian's levy cites a widely accepted estimate that more than half of the prescriptions written for antibiotics in the United States are either not needed, or are for the wrong drug. Adds UBC's Danow: "Patients say, 'Give me an antibiotic, Doc.' And if you don't, they go somewhere else and get one." Experts say that prescribing antibiotics has become so automatic that many doctors do not even bother to determine first if an illness is viral—in which case antibiotics are ineffective—or bacterial in origin. Last year, doctors in Canada alone wrote more than 20 million prescriptions for antibiotics.

The thinking in North America, says Toronto's Low, is "Well, it can't do any harm—might as well start them on antibiotics." Now, we're seeing the consequences of this." Mississippi, Ont., pediatrician Peter Semchuk says that about 70 per cent of childhood ear infections will clear up without antibiotic treatment. In some European countries, drugs are used "only on the most severe or infectious," he states. "That is probably better than our ap-

proach, which is to use antibiotics for almost any ear infection."

Today's crisis over drug resistance is the product of a competition that has raged for the past half-century between disease-causing bacteria and the modern, man-made agents designed to combat them. It began with the birth of the antibiotic era in the early 1940s, when British doctors first treated patients with a drug based on a naturally occurring mould called penicillin. The new drug had a remarkable ability to tame infection-causing bacteria. But within a few years, penicillin-resistant forms of staphylococcus—the drug's principal target—began to appear. Over the years, the process has been repeated with the introduction of almost every new antibiotic—specifically, a semi-synthetic form of penicillin introduced in the early 1960s, the cephalosporins (a family of penicillin-like drugs), ampicillin, amoxicillin, tetracycline, and vancomycin, a drug first introduced 34 years ago and increasingly used today when other drugs fail.

What enables bacteria to gain the upper hand in their ability to spawn a new generation every 20 or 30 minutes—a rate conducive

to a relatively rapid appearance of mutations. Sooner or later, one of those mutants will have characteristics that enable it to thwart its foe in the latest antibiotic. What follows is a classic example of the Darwinian law of the survival of the fittest: as an antibiotic in a patient's body wipes out one strain of bacteria, the drug-resistant ones flourish, with successive generations of the bug producing millions of offspring a day.

Moreover, bacteria have a remarkable ability to band on their most useful genes to other bugs—so that drug resistance developed by one microbe can easily be bestowed on others. Just how the microbes manage this feat can baffle even the experts. Biochemist Gerry Wright of McMaster University in Hamilton cites the case of enterococcus, a bowel-inhabiting bacterium that became resistant to vancomycin by somehow acquiring five new genes. It was "a very sophisticated process," says Wright, which allowed the enterococcus to alter its cell wall so that vancomycin could no longer bind to it and kill the bug. Where did the new genes come from? One possibility, says Wright, is the original source of vancomycin itself—a family of soil bacteria called actinomycetes. These bacteria secrete a vancomycin-like substance, which is toxic to other microbes—and possesses genes that protect it from its own deadly substance. "Somehow," says Wright, "the enterococcus bacterium may have acquired those genes."

For a number of reasons, drug resistance in Canada is seen as a problem—more so than in the U.S. or Europe. Why?

'This problem is like a grass fire. It's popping up everywhere.'

is partly due to differences between the U.S. and Canadian health care systems. Because most medical services in Canada are publicly funded, hospitals, and to a lesser extent community-based physicians, face more stringent limitations than many of their American counterparts in prescribing expensive antibiotics. Moreover, experts say that since the late 1970s, when antibiotic use peaked in Canada, during the 1980s, Canadian hospitals have routinely taken tougher action to contain outbreaks than American institutions. "Canadian hospitals took drug resistance very seriously from the start," says Sanyal's Simer. "U.S. hospitals believe infection control measures in many U.S. hospitals are nearly as stringent."

Certainly, drug resistance is at fairly high levels in

Ohio's 1,000-bed Cleveland Clinic Foundation. There, more than 30 per cent of staphylococcus aureus cultures analyzed are resistant to penicillin-type drugs, while five per cent of enterococcus strains are resistant to vancomycin—rates unheard-of in Canadian hospitals. According to Dr. John Tomasz, the hospital's head of microbiology, MRSA cases are no longer routinely isolated in Ohio as they are in Canadian hospitals. "I think our philosophy here is that we have all kinds of drug-resistant bacteria these days and I don't know that MRSA is any worse a problem than any of the others." Washington does not think that drug resistance problems are going to be easily solved in the long term. "The bacteria have been around for four billion years or so," he says, "and they have survived very nicely, thank you, no matter what antibiotics we throw at them."

Still, despite overprescribing and growing drug resistance, doctors can often find a drug that will work against even the most stubborn bugs. Unfortunately, resistant strains can sometimes be killed by a drug called nafcillin, and when that fails doctors can try teicoplanin, a French antibiotic that has yet to be approved for use in North America but can be prescribed by doctors in emergencies. And now, after backing away from antibiotic research for over a decade, many of the biggest U.S. and European pharmaceutical firms are once again working for new and better antibiotic killers. New drugs are already in the pipeline, including those called lincos and oxazolidinones.

which introduced vancomycin in 1958, is working on a compound that may be able to overcome resistance problems. Company officials say that the drug, still at a killing a wide range of bacteria, should begin undergoing small-scale human trials towards the end of this year. But some of the most innovative approaches to taming bacterial diseases are happening outside the pharmaceutical company, including a cluster of Canadian firms concentrated at the West. Among them: Kean Biotech Inc. and Vancor Inc.

* Scientists at Microgen Biotech Inc. in Vancouver are working with substances called peptides that, among other functions, help protect plants, insects and animals from dangerous bacteria. Using re-engineered versions of naturally occurring peptides, they hope to create agents capa-

THE RENEGADE BUGS

One of the global life-forms are *Enterobacteriaceae* are everywhere. They invade *every* people—and as many as 1,000,000 of them can inhabit a single slice of human skin. Most are harmless to humans, some are beneficial in helping, among other things, to break down nutrients—but others can be deadly. Among the increasingly drug-resistant bacteria that can menace human health:



MRSA (methicillin-resistant staphylococcus aureus) Often found in hospitals, particularly among intensive-care and elderly patients. This bug can cause a wide range of potentially life-threatening problems, including infec-

tions, blood poisoning, pneumonia, meningitis, toxic shock syndrome and food poisoning. Resistant to most antibiotics, including methicillin, a semi-synthetic form of penicillin, and related drugs. But MRSA is still usually treatable by the so-called drug of last resort, vancomycin. According to the U.S. Centers for Disease Control and Prevention in Atlanta, 38 per cent of the staph aureus specimens examined in large American hospitals in 1991 were drug-resistant. In Canada, a series of hospital outbreaks show that MRSA is a growing problem.



VRE (vancomycin-resistant enterococcus) The enterococcus bacteria usually live harmlessly in the human gastrointestinal tract and do not pose a threat to healthy people. But when the bacteria enter the blood-

stream—through a cut or a surgical wound—they can cause fatal infections. In its drug-resistant form, the enterococcus bug can shrug off virtually every widely used antibiotic, including vancomycin. When that happens, doctors can try a handful of newer or experimental drugs. According to the CDC, nearly eight per cent of enterococcus samples from U.S. hospitals analyzed in 1993 were VRE-resistant. VRE is probably growing ground in Canada as well, but no statistics are available.



STREPTOCOCCUS PNEUMONIAE Often called "pneumococcus" for short, this bug is a frequent cause of ear infections in children and meningitis and pneumonia in adults. In the United States, more than 50 per cent of pneumococcus cases are now resistant to penicillin, and doctors exhaust

GROUP A STREPTOCOCCUS These bacteria can cause strep throat, pneumonia, boils, scarlet fever, the kind of toxic shock called *Staphylococcus* and *Streptococcus*, and the flesh-eating disease, necrotizing fasciitis. In Canada, strep diseases can



still be effectively treated with antibiotics. But some cases of drug-resistant group A strep have appeared in Japan, Europe and the United States.

'We could run out of antibiotics'

We're scouring drug-resistant bacteria for fast-acting antibiotics will be able to function again. The company is also working on a class of peptide-based enoformins that would attack and kill dangerous bacteria, the proteins developed by the firm have the ability to punch lethal holes in bacteria. When one of those compounds was injected into mice infected with streptococcus pneumoniae, the peptide proved effective. One of the next steps, says biochemist Robert Cory, the company's manager of business development, will be to determine whether the peptide works as well against drug-resistant forms of the bug.

Researchers at StressGen's StressGen Biotechnology Corp. are trying to develop vaccines that would train mice people against potentially dangerous infections. StressGen's approach, says Lee Milner, the company's research director, is based on substances called stress proteins that bacteria produce as they invade another organism. The human immune system is alerted by the stress proteins, but it takes time to go on the defensive quickly, or strongly enough. StressGen's idea is to combine a genetically engineered stress protein with carbohydrates or some other component from potentially dangerous bacteria. The result, a vaccine that would, in effect, train the immune system to attack dangerous disease-causing organisms. The company's top priority is a vaccine aimed at the increasingly drug-resistant streptococcus pneumoniae bacterium. "It's not just a vaccine," says Milner. "Our pre-clinical research is very encouraging."



Researcher at StressGen Biotechnology working with stress proteins of bacteria

According to scientists at Vancouver's Inova Pharmaceuticals Corp., many drug resistance problems can be beaten by using a system that delivers constant antibiotics with pinpoint accuracy to the site of infection—up! Once again, the idea is to use the bacteria's resistance mechanisms—you would simply overpower it. Another advantage of the system, adds Milner, is that by precisely targeting the infected area, smaller amounts of antibiotics could be used than at present, reducing costs and eliminating

some of the side-effects of powerful antibacterial drugs. Milner said that his company hopes to begin human trials with its delivery drugs in the site of lung infection in about a year.

But it could be several more years before any new drugs or delivery systems start arriving on pharmacists' shelves. As drug resistance grows, Canadian hospitals have stepped up screening procedures to spot patients carrying the resistant bugs. And many have taken steps to increase hand-washing and other hygiene procedures to keep the bugs from spreading. "We're constantly urging all our people to wash your hands, wash your hands," says Edith Kogan, Montreal General Hospital's infection control officer.



Prisoners of infection and antibiotic resistance are a new threat

But some experts fear more drastic steps are needed, including controls on the widespread use of antibiotics to prevent disease and promote growth in Canadian farm animals. Many doctors believe that practice gives bacteria added opportunities to develop resistance that can make people sick. Equally worrying, they say, is the need to reduce the use of antibiotics in humans. That is already happening in hospitals, where budgetary pressures and more stringent policing by hospital authorities are placing tighter restrictions on the use of antibiotics. But what about doctors outside hospitals? That is something we need to look at," says Samer. "We need to put some kind of controls on what doctors can prescribe." That would be something that doctors, and their patients, would be certain to resist. But it could be just one of the measures up for consideration if the microfilm world continues to make progress in its relentless war with modern medicine.

The return of an ancient killer

It is an epidemic of unprecedented proportions: the single most deadly infectious disease in the world. It is the principal killer of people with human immunodeficiency virus (HIV), and claims the lives of more women than all the causes of maternal mortality combined. It is not AIDS, nor hepatitis, nor malaria, but an ancient disease thought to be on the verge of eradication: tuberculosis. And by all accounts, it is getting worse. Last year, TB killed almost three million people—more than in any year during a global epidemic at the turn of the century. According to the World Health Organization (WHO), one-third of the world's population now carries tuberculosis bacteria, and it's current rates as many as 500

often helplessly prescribed, and patients, unwilling to feel better, stop taking the drugs before they should. The result: TB bacilli survive and multiply, becoming a toxicosis, more deadly form of the disease. WHO estimates that 50 million people are already infected with drug-resistant TB. And many of those carry multi-drug-resistant (MDR) tuberculosis—resistant to two or more of the standard drugs. In developing countries, where the vast majority of MDR TB cases have occurred, it is usually fatal.

Canada has a relatively good record in TB control. Since 1994, the rate of active cases has remained steady at about 7 per 100,000 population—compared with 9.8 in the United States and 35 in India. However, TB is rav-

aging Canada's aboriginal community, with the incidence among status Indians at 47 per 100,000 in 1993. Dr. Howard Noss, director of TB control at Health Canada's National Tuberculosis Centre for Disease Control, says that drug-resistant tuberculosis occurs in less than 10 per cent of Canadian cases, and MDR strains even less frequently. But the rise in the outbreak of MDR is less frequent, perhaps "I don't want to sound alarmist," says Noss, "but we recognize that this is a global problem."

Foreign-born cases contribute to this risk through the cracks. Toronto's largest health authority says the bulk of her TB patients come from Vietnam and Somalia, many of their refugees who were never screened before entering the country. "Canada admits people from all over the world, especially from developing countries ravaged by war," says Kandel. "The screening of those people should be better and more timely."

In the face of the global epidemic and the rise of resistant strains, research companies are exploring a potential solution: a TB vaccine. But Rieck Hoffer, president and CEO of ID Biomedical Corp. of Burnaby, B.C., which has the lead in developing such a drug, estimates that it will be at least six or seven years before a vaccine is available. Meanwhile, the days of government officials in the West confidently predicting the eradication of tuberculosis are long gone. "It was going to be erased by the year 2000," says A. A. A. But I guess the big shot forgot: the way that TB hangs on, and why it's so hard to get rid of, is not limited to North America, thank you very much."

But that may be one of the problems. Especially in developing countries, the treatment is

JOHN CHIDLEY

Now: 'mad fish disease'

Bacteria do not have to become drug resistant to threaten human health—an ancient wisdom reinforced by alarming reports last week of new microbial resistances. After studying recent infection patterns, researchers in Toronto predicted an upsurge that winter of diseases caused by bacteria of the group *Aeromonas hydrophila*. These bacteria have not yet become significantly drug resistant. But they can cause violent infections ranging from strep-

throat to toxic shock and necrotizing fasciitis, the so-called "flesh-eating" disease. But cost-Quebec's Eastern Townships in 1994. Dr. Donald Lowe, head of microbiology at two Toronto hospitals, said that the upsurge probably involves a new strain of strep bacteria, and would likely be felt in most parts of Canada. Meanwhile, eight Tamaqua fish tanks have been affected since December with skin infections—and, in one case, meningitis—from a bug called streptococcus



that lives in fish. Lowe, who helped investigate the outbreak, said there were major outbreaks of strep disease in American, Israeli and Taiwanese fish tanks during the 1980s. But the Toronto cases are the first in which humans are known to have become infected. All eight

veterinarians—who responded to treatment with antibiotics—had apparently cut themselves with knives, or with fish fins or bones, while preparing the fish. A freshwater fish imported from the United

States. Lowe said that the issue bug can cause "mad fish disease," in which the creatures eye bulges and their swimming becomes erratic before they die. But human infection is easily preventable, he added, by wearing protective gloves when preparing the fish.

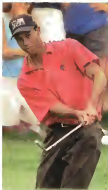
New kids on the block

McMillan, Woods offer a glimpse of golf's future

The story seems too fantastic to be true: The local hero, a young amateur, starts the final round of a big-money golf tournament six shots behind the leader. But playing on his home course in front of all his family and friends, the kid shoots an astounding seven-under-par 65, leaving behind the veteran pros as he taps in on the 18th hole to win his first Tour event by four shots. Unbelievable? Not when it's Winnipeg's Rob McMillan, playing the Canadian Tour's Norwest Manitoba Open last July. And his dream-come-true did not end there. This summer, McMillan also won the Manitoba and Canadian amateur championships, and this week, he gets to tee it up at the Bell Canadian Open—the country's national professional championship—at Glen Abbey in Oakville, Ont. "It has been wild, but winning the Manitoba Open was the greatest," the 20-year-old college junior said last week. "It

was on my home course, and to come from six shots behind on the last day, and to walk up the final hole with the crowd going crazy, well, the feeling was just incredible."

McMillan might be the player to watch at the Open, since the widely held belief on the farways of the land that Canada is bereft of great golfers. In clubhouse conversations and in golf journals, people cite as evidence the fact that the country does not have a single full-time player on the Professional Golfers' Association Tour this season. But McMillan and everyone else in the field at Glen Abbey will likely be overshadowed by another 20-year-old, Tiger Woods. The celebrated U.S. amateur champion turned professional last week, became a media favorite, and gave the Canadian event a huge sales boost by confirming that he intended to play the Open. "There are only a few guys out here who can really sell tickets," says tournament di-



Woods, young as already established pros

rector Bill Peel, "and Tiger's one of them." Persevering, Woods holds on as already brilliant field. The reigning champion of the British Open (Tom Lehman), U.S. Open (Steve Jones) and PGA Championship (Mark O'Meara) will all be in Oakville, as will South Africa's Ernie Els, the No. 3 golfer in the world, American Fred Couples (No. 7), Corey Pavin (No. 8) and Mark O'Meara (No. 10), and Nick Price of Zimbabwe (No. 11). But organizers have been criticized for how, and to whom, they offered their allotment of 24 exemptions to players who had not otherwise qualified to play. The Royal Canadian Golf Association (RPGA) snubbed former PGA Tour pro Dan Halldorson of Winnipeg and Alphonse, B.C.'s Ray Stewart, a member of Canada's winning team at the 1994 Dunhill Cup, yet gave passes to several things U.S. competitors. Peel says that some passes have to go to non-Canadians for political reasons, and that the RGA gave most of its Canadian exemptions to up-and-comers rather than veterans. "The list is," he says, "you can't make everyone happy."

McMillan, who won his place at the Open when he defeated Craig Matthews of Prince George, Que., at the Canadian Amateur last month, has already impressed pros with his play on the Canadian Tour and at the Greater Vancouver Open, a PGA Tour event held last month. "Richmond, B.C.'s Richard Zokol, a two-time winner on the Tour, says McMillan

is the best amateur the country has ever produced. "His game is solid," Zokol says, "but more importantly, he has a great temperament. His potential is limitless." McMillan says he is flattered by the praise, but he plans to complete his art degree at the University of New Mexico in Albuquerque, which he attends on a golf scholarship. After that, he says, he begins to turn pro. "I love to compete and I love the game," he says.

Woods also plans to finish his degree. But the Stanford University student, whose golf expertise has been chronicled as U.S. network TV since age 5 and who played his first PGA Tour event at 15, had huge incentives to give up his amateur status. He has been offered multiple endorsement deals worth an estimated \$60 million with equipment manufacturers such as Nike and Titleist; the marketing opportunities are considerable. He is the only golfer ever to win three straight U.S. amateur championships, he excites gol-

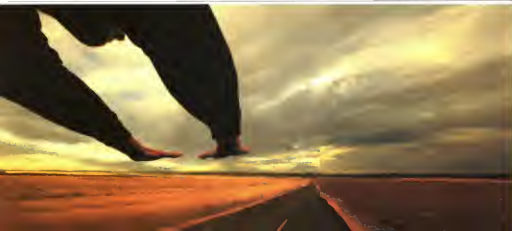


McMillan, he has impressed the pros

fers with huge drives that sail 200 yards past the average Tour pro's, and he gives the game a profile among minorities—but brother a black and his mother a black. And at the Greater Manitoba Open last week, Woods shot a four-under-par 33 on his first, one-hole as a professional and went on to qualify for week-end play.

With the Woods watch in full swing, there may be less pressure on Canadians such as McMillan, Zokol, Dave Barr of Richmond, B.C., and emerging star Mike Weir, the Brighton's Grove, Ont., left-hander who finished tied for 55th at the Greater Vancouver Open. None of them is expected to win at Glen Abbey, and no Canadian has won the national title since 1951. But then, McMillan wasn't supposed to win the Manitoba Open. "One of us might get hit," says Zokol. "You never know."

JAMES DEACON



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Trent Frayne

Where are the Wayne Gretzkys of tennis?

Peter Burwash goes all over the world telling tennis fans a story, he's been there. Beijing, Barcelona, Hong Kong, Singapore—they're all the same to him. In August he spent a week in Montreal, then a week in Toronto, as a television commentator for the women's, then the men's du Maurier-sponsored national open tennis championships. One thing about it, he didn't grow bored describing the feats of Canadians.

Why can't Canadians lick their lips on an international tennis court? There are tiny burms. Patricia Hy-Boulton survived a couple of rounds last summer at Wimbledon, Grant Connell is a world-class doubles player, and one evening last month a strange bear left his seat, Daniel Nestor, actually beat the world's No. 2 player, the spectacular Thomas Muster. But these are mere tremors, hiccups really. There are no Bobby Orsco or Wayne Gretzkys on the tennis courts.

However, there is Peter Burwash, who may be the world's most successful noncompeting tennis player. An energetic, fast talking native of Brudenell, Ont., where his father, Stanley, was the branch manager of the local Bank of Nova Scotia, 56-year-old Peter is a founder and the president of Peter Burwash International, a Houston-based corporation that operates tennis properties for resorts and hotels in 24 countries.

Apart from this and his television commentary, Burwash manages to keep busy delivering 80 to 90 speeches annually to service clubs and business groups on health, fitness and diet. He has published five books, two on tennis and seven, has coached tennis in 134 countries, and is an instruction editor for Tennis magazine along with two former U.S. Open champions, Stan Smith and Tony Trabert, and the Florida-based instruction guru Nick Bollettieri (U.S.).

Accordingly, while there is not an issue to challenge the tallest freckles at the United Nations, Peter Burwash does sound like a man to answer the question: why come Canadians are not doing too hopelessly on the world's courts?

The excuse used to be that no player could prosper in a country that freezes its tennis balls in water. But that went out the window last year when the human iceberg Bjorn Borg emerged from snow-bound Sweden. Proving it could be done, Borg soon had little Swedish hawking two-handers against the garage door down to Sweden. Nowadays, tennisheads are crowding with Swedes, guys named Rostom, Larsson, Backstrom, Wilander and a couple now lacking, Edberg and Wilander, former Grand Slam champions both.

Meanwhile, Canada's No. 1 player in 1985, Sébastien Larouche of Boucherville, Que., was ranked 10th on the final ATP Tour rankings, and the solitary Canadian singles player of any gender in quality for the current U.S. Open was the transplanted Canadian

Patricia Hy-Boulton, who was nosed out in the first round by Gabriela Sabatini 6-1, 6-1.

"Part of the problem is the well-known Canadian mentality," says Burwash. "You can't do this, you can't do that. Our culture is to put people down. Kids start believing it." The rules his own experience, a letter wrote that 25 years ago from an executive of the old Canadian Lawn Tennis Association, now called Tennis Canada. "He told me to give up the game, that I was no good," Burwash says. "I carried that letter around with me in my racket cover and in 1971, just before the final of the Canadian championships at the Winnipeg Casino Club, I took it out and read it again. Then I went out and beat Jan Tinetti in the final."

What kids need is the encouragement that will produce confidence. "They need to develop creativity and individuality," the man says. "The blanket teaching method simply doesn't work. The idea of do-it-this-way, don't-do-it-that-way? Forget it."

Confidence is vital. Burwash remembers a match in New Zealand involving Rod Laver in which Laver was leading some forgotten opponent by 5-4 in the deciding set. Fellow Australians Roy Emerson, Tony Roche and John Newcombe, seated in the stands, rose and began to file out. "Where are you going, if not over?" protested Burwash. "It's over," Emerson told him. "Rod never loses when he's leading 5-4."

The point instantly leaped into focus the night a couple of weeks ago in du Maurier's 50th birthday extravaganza in Toronto, when Nestor whipped the blind whizzer from Australia, Muster. In a post-match interview with an unwashed newscaster, Nestor sat gloomily staring at the floor, expressing no confidence

in his prospects for his next match, that was against the world's No. 4-ranked Todd Woodbridge. "Incompetency has been a problem," muttered Nestor on the night of his singular triumph. "But I've been working on it." The following afternoon, sure enough, he lost in straight sets to the Australian double in Woodbridge.

It's Burwash's notion that the most positive new development he saw in Canadian tennis this year wasn't the sudden emergence of some new players but the completion and opening of a new tennis centre in Montreal—"right brightly lit indoor courts in a stunning new building that puts Montreal ahead of everybody." He also says 13 outdoor courts at this Jerry Park Tennis Centre. By contrast, for winter tennis in Toronto a gloomy bubble stands like a ground-level whale beside the main offices of Tennis Canada, the so-called National Tennis Centre in this country. The embarrassing cartoon leads Burwash to suspect that Toronto tennis buffs will build a Tigi Mahal of their own to keep pace. If that happens, he says, the game can only prosper in this country and Canadian tennis players who can lick their lips might finally turn up.

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A passion for art at the cutting edge

BY SHEARON DOYLE DRIEDGER

It could almost be mistaken for a giant three-part figure. But Toronto *Head*, in fact, a piece of sculpture—a very clever one, at that. Measuring seven feet in height, the Douglas-and-cubist work by California artist Paul McCarthy is an adult version of Mr Potato Head. And the irreverent hybrid—complete with corn-cob-like appendages, a face and other features that can be played into its ears, arms and nose, as well as into its more intimate orifices—has cropped up in Toronto, the latest exhibit at the Ydessa Hendeles Art Foundation in Toronto. Hendeles, a brave and innovative collector of contemporary art, has planned *Toronto Head* to a group show with one of the major achievements of 20th-century photography—an acclaimed collection of portraits by German photographer August Sander. From his masterful 1930 book-length photographic study, *Face of Our Time*, the effort is as provocative as a splash of lipstick on a white shirt. And it is so accurate, “I wanted to derive an experience by bringing these things together,” says Hendeles, 47, who wears a kooky teddy bear purse and several pounds of metal jewelry with as much flair as she mixes pop sculpture and vintage photography. “People never know what I’m going to do next one.”

Portrait—which opened in May and runs until next month—is Hendeles’s 20th show since she founded her own art museum in a renovated downtown factory eight years ago. “I really love putting on the exhibitions,” says the former commercial gallery owner, an art addict since the age of 14, when she toured the great museums on a solo trip to Europe. “There’s such a high.” But there was a low point in 1988, when Hendeles—who changed schools internationally as a teenager—settled in Vancouver’s Hill Wall and Toronto’s East Village early in their careers—was unable to find a market for their avant-garde work and decided to close her money-losing gallery. “You can only write off so many losses,” she recalls. “So we decided to call it what it is—a charity.”

Now, the independent business, an art-school graduate, practices a unique form of philanthropy. She not only buys the works she displays in her private foundation, she also acts as curator—designing and installing exhibitions in the 15,000-square-foot space, which is open to the public on Saturdays or by appointment. In total, Hendeles has donated approximately \$10 million to the exhibition of contemporary art in Canada, including about \$1 million in actual works given to other museums—and excluding the cost of the foundation building and the collection. “Contemporary art is not a priority in this country,” says Hendeles. “I’m trying to make it one.”

Hendeles has managed to pique the interest of the art world by collecting and showing works by such luminaries as British photographer Edward Steichen, Maybrie and American sculptor Louise Bourgeois. “These works are sought after by any great institution in the world,” says Marcel Breuer, director of the Museum of Contemporary Art. “She has a great eye. When she buys something, we look at her and say, ‘Oh, why is she doing so?’” Her built-in aesthetic reason for *ARTNow*, a respected U.S. journal, to twice include her in its list of the art world’s 50 most influential people in 1993 and 1995—the only Canadian and one of a handful of women. “Every museum curator who is not asleep knows about her,” says Brett Rutter, a curator at New York City’s renowned Museum of Modern Art. Story adds that her exhibitions of videos, films, photography and installations, “there is ab-

solutely no better place in the world” than Hendeles’s foundation.

Hendeles shows an intense commitment that falls just short of obsession. “I know the difference between high standards and neuroses,” she says. Still, Hendeles’s perfectionism extends to the re-configuration of the foundation’s two-story space for each new show. And, last spring, she hired a sound engineer to construct a special theater for LITTLEAL, a sound and video work by Irish artist James Coleman that appears in Toronto, and is running simultaneously at the Centre Georges Pompidou in Paris. Artists, dealers and curators remark on Hendeles’s confidence. “There is a certain kind

Ydessa Hendeles has optical nerve



Hendeles with Toronto *Head*; *Old-Job Max* by Sander (left); *Every woman carries what is not entirely known about her*

of hip-thing collector who is rather deliriously to artists,” observes Story. “Ydessa is not like that—she is a fairly overpowering personality in certain circumstances.” Maxwell Jenkins, director of the Art Gallery of Ontario, adds that “you return her phone calls and, if she expresses strong views on a matter, you give it due benefit of order attention.” And says Bick Westler, head of Christie’s photography department, Hendeles is “very discerning—she knows exactly what she wants.”

She is also willing to pay the price. In 1993, Hendeles spent near-

ly \$100,000 on an auction for a rare 1920s blue German teddy bear named *Head*. Then, last year, she paid the likes of art by displaying the chair for an art gallery “let me be a teddy bear,” argues the edgy collector. “It doesn’t matter what it is—it’s what’s being said.” Earlier that year, Hendeles paid \$654,390—the most ever paid for a single photo—for George O’Keefe, *A Portrait—Nude with Thistle*, a 1959 picture by American Alfred Stieglitz. “I have been enjoying the paying of serious money for photography,” says Hendeles. “It’s not just indulgence. It’s a statement—it says that it’s worth something.”

Still, Hendeles—the German-born daughter of Holocaust survivors who immigrated to Canada in 1953—is sensitive about money. “I always rejected the business that were available to me through my family,” she says about the conservative cultural elite her father, Jacob Hendeles, an only child, went through a rebellious stage in the late ‘50s. She abandoned her parents’ luxurious Rosedale home,



Sander’s *Endless Series*: poignant scenes of a race-to-explore culture

his shoulders. Starting boldly, the young man seems ready to support the weight of the world. Taken together, the collection—which captures artists, farmers, businessmen, politicians and even a pair of loaves—forms a poignant inventory of a culture innocently unaware of the barriers that will soon be unleashed.

Toronto Head, installed in an adjoining gallery, offers a related reality check. Only a short corridor from Sander’s photos, the mutant figure is vastly distant in time and vision. “I’m trying to play one thing off against the other because it shows that into sharp focus,” says Hendeles, suggesting that the genderless, highly ironic *Toronto Head* reflects the banalities social changes have uncovered since Sander created *Face of Our Time*, including a war, the bomb and the new information age. “We know so much more now,” says Hendeles, “so how does that affect our perceptions of ourselves?”

Despite critical acclaim, attendance at Toronto—the earlier exhibits at the foundation—dropped off drastically after opening night, which was attended by more than a thousand. “I never intended it to be a numbers game,” says Hendeles. “But people don’t come. You find a lot of art fans. It’s a strain on me to fit this.” Hendeles, who lives with artist Max Deane in a 16,000-square-foot Rosedale mansion, says that she works 12 hours a day on the foundation and spends more than \$400,000 a year—not counting the cost of new works—to run it. Soundness, she says, she feels like her money is “going into a hole.” Still, with the moral support and financial cooperation of her mother, Dorothy, and her son, James, from a brief marriage to a Toronto lawyer, she plans to carry on—for now, at least—in her drive to prove that “art can be fun.” While such as *Toronto Head* may indeed be played, but for Ydessa Hendeles, they also have profound meaning. □

PHOTOGRAPHS BY ALFRED STIEGLITZ

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Books

A heroine unearths her Slavic roots



Kalyk Kreter, the drama of dislocation suffered by Ukrainians

Eastern secrets

THE GREEN LIBRARY

By Janice Kalyk Kreter
(HarperCollins, 272 pages, \$25)

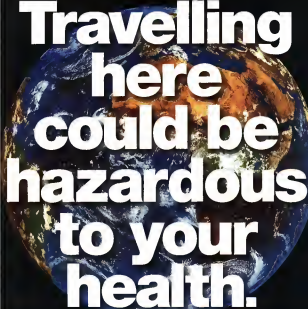
A 60-year-old photograph of a woman and her son is slipped through a mail slot and changes Ukrainian Eva Chown's life. The boy in the photo looks exactly like Eva's 11-year-old son, an intriguing sign that marks the beginning of the forty-something woman's journey into unknown territory. That territory is both physical and psychic. In her search for the link between the pair in the photograph and herself, Eva travels to Ukraine, where she uncovers family secrets and cultural roots. But *The Green Library*, Janice Kalyk Kreter's fourth novel and ninth book, is hardly a typical discover-your-heritage tale. Kalyk Kreter—the Toronto-born daughter of Ukrainian immigrants who now lives near Guelph, Ont.—writes her own daring saga of chronicling a half-century of Ukrainian history and the trauma of dislocation for immigrants who ended up in Canada after the Second World War. In tracing the tangled threads that bind two families—Eva's privileged, bourgeois household and the immigrant family her father once employed—she weaves a tale of love and betrayal as intricate as the embers

dry on a Slavic stove. For Eva, the disturbing photo has the effect of jolting her from an insubstantial life, a life in which she was "becoming nothing but a malleable with a poised heart." She travels to Kiev—the home, she has discovered, of her beleaguered father and grandmother. Her half-sister, Holly Chown, has adapted to a brief affair with what used to be called a "DE," a displaced person, who fathered Eva's mother. Her father, who once worked as Holly's cleaning woman, who identifies his mother—Eva's grandmother—as a disident Ukrainian poet, executed in 1941 in Bab Yar. Eva also puts Eva in touch with Alex, her grown son in Kiev. Eva once had an erotic encounter with the adolescent Ukrainian, and the charged memory of it rises like a current through her.

Kalyk Kreter pieces the narrative together like bits of a puzzle. She shifts back and forth across five decades and two continents and changes the point of view among at least seven different characters. What emerges is a portrait of a people reeling from one horrific tragedy to the next under a series of foreign occupiers, including the Bolsheviks and the Nazis. But Kreter is no blind patriot. Eva's crash course in Ukrainian history includes anti-Semitism, pogroms and monstrous internal politics. In the end, instead of reclaiming a lost heritage, Eva feels both alienated in Kiev and unwelcome from Canada.

The novel is flawed: the frequent shifts of voice sometimes disrupt its flow. And Kalyk Kreter's wit too much on occasion to propel the story. But the author's lyrical prose, full of startling metaphors and sensual imagery, is pure pleasure. Like the shaded park in Kiev—the "green library" where her doomed grandmother read and where she eventually met her lover—Kalyk Kreter's new work delights and dazzles.

DIANE TORRILE



Whether you're travelling for business or pleasure, you can get hepatitis A anywhere on earth. It is the most common traveller's disease that can be prevented by a vaccine.

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Health Organization's endorsement of vaccination prior to travel outside Canada, the U.S., western Europe, Australia, New Zealand and Japan. Ask your doctor or travel clinic how just one vaccine can protect you against hepatitis A. For more information, please call the Canadian Liver Foundation at 1-800-563-5483. It's hazardous travel here.



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Requiem, Homolka, as read by the story and an eyewitness abolitionist

Bedeviled by Bernardo

INVISIBLE DARKNESS: THE STRANGE CASE OF PAUL BERNARDO AND KARLA HOMOLKA
By Stephen Williams
(Little Brown, 570 pages, \$29.95)

The Bernardo-Homolka case may be approached in several ways. First, there was the enormity of the crime itself—the innocence of the teenage victims, the young normalcy and superficial attractiveness of the young murderers, and the progress of the investigation and trial. Second, there was the media bias on publication of Homolka's 1990 trial and conviction for manslaughter, which turned every aspect of the case into an opportunity to make a big buck. It became a media circus that brought out all the worst in tabloid pocket-book journalism. One is reminded of the 1935 photograph of murderer Ruth Snyder sitting in the electric chair, or the 1955 movie *As for the Birds*, about the media's competitive coverage of a boy stuck down in a abandoned mine shaft.

Another facet of the story is the mix and mix of legal maneuvering culminating in the deal Homolka's lawyer cut with the Crown, which might have her back in society in a

year. This and the work of the various contributing police forces were the subject of a judicial inquiry headed by Justice Arthur Gauthier, which looked into such aspects of the case as the reluctance of those forces to exchange information, the slowness in bringing the pieces together to make a DNA match of Bernardo with the available rape evidence, and the sudden and late arrival of videotapes that had been in the custody of one of the lawyers involved.

Then came the Bernardo-Homolka case, two mistakes. It was a major publishing blunder to see who would get the first book on the case across the wire. A sequel of books has appeared in print. And while the term "confidential journalism" is perhaps unfair, I would guess that the authors of these books formed no lasting friendships with each other.

For the benefit of anyone newly arrived on the planet, Paul Bernardo and Karla Homolka kidnapped, raped and murdered two high school girls, Kristen French and Leslie McMillan, whose bodies were discovered after extensive searches, one dismembered, encased in cement and dumped in a river; and the other in a ditch. Bernardo, a capital-swinging Prince Waterhouse dropout, and his three-

21-year-old bride were sexual sadists of such perversity that they make the Marquis de Sade look like a teddy bear. On his own, Bernardo raped 38 women, mainly in the Toronto suburb of Scarborough. He stalked others in the Niagara region with threats written from the back seat of his gold Nissan. Together they raped and caused the death of Tammy, Karl's own younger sister, by playing her with doped drinks and then holding a halibut-size-salmon dish over her face in the early hours of Dec. 26, 1989. In the catalogue of heinous crime, there will always be a place for Bernardo and Homolka.

What was inspired by its publisher as the best book of the bunch, *Invisible Darkness*, will never be that prize-winning little nuzzle, Stephen Williams hopes home alone after the other books. Williams has had the time to do a "sentinel" job of it. He had the time to advise on the what the others had written. Here, with information that had not previously come to light, he was now able to tell us what it all meant. Unfortunately, he has not improved much on the predecessors. His failure is understandable in the sense that no book could fully and adequately explain such depravity.

At the best, Williams achieves a journalistic deadpan: just the facts, ma'am. Often there are Truman Capote or Norman Mailer-ish overtones. But *Invisible Darkness* is a long stride from either. In *Cold Blood* or *The Executioner's Song*, two of the better true-crime books of our time. A scene of danger sets in as the book concludes. Characters are presented as looking like Robert De Niro's Jake LaMotta, Tom Selleck, Lindsay Johnson and Danny DeVito. It is as though Canadians are only Platonic shadows of American originals as seen on TV or in films. This device alienates the Canadian reader, and avoids the task of telling about the real people in St. Catharines, Ont., trying to cope with the enormity of what two young people living there were capable of doing in search of sex.

Williams takes on the case in a way that is puzzling, as the early bi-hundred were still confused, standing in the centre of a prodigious mountain of material and unable to find his way through it. Perhaps it is foolish to hope to learn anything. There are no moral crests in the story. There are no sympathetic characters. Williams holds the best horror he can up to stare; if we don't like what we see there, it isn't entirely Williams's fault.

HOWARD ENGLISH

(Howard English is the author of a series of *Sherry Goughman* mysteries set in Greenwich, a fictionalized St. Catharines. He was, nonetheless, with Lord High Executioner, Ontario's Lord of Hesperides (Hesperides, and Three Kings, will be published in September.)

Films

Barbaric in the burbs

THE TRIGGER EFFECT
Directed by David Kepp

Writers are supposed to write about what they know, which has not stopped Hollywood's David Kepp from writing stories of managing chancellors, or of a helicopter chasing a train through a tunnel. With credits that range from *January* to *Star Trek: Voyager*, Kepp knows how to design a good thrill machine. But for his own directing debut, he has chosen to address issues that are closer to home. *The Trigger Effect* is a gripping psychological thriller about things that go awfully wrong in the life of a suburban couple—beginning with a child's car infection and escalating to a standoff with an armed stranger. It is a cautionary tale, a what-if scenario that offers the stark moral vision of a vintage episode of *The Twilight Zone*.

Kepp opens the film with a clever directorial flourish, as suburban four-wheeler Scotty runs that follows a couple into a movie theatre. As Matt and Anne (Kirk MacLachlan and Elizabeth Shue) sit down to watch the film, they are stopped by two black men talking loudly behind them. Getting up, a rebel soldier that resembles later Matt tries to shoot them, which provokes a hostile response,



Shue (left), MacLachlan and Jeff Branson (right)

when an old friend (Dermot Mulroney) shows up, a sexual triangle ensues, and the meaning sense of dread. Eventually, the two try to escape the city, pursued road warriors on a highway where no one is selling gasoline.

None of the actors is hugely compelling. MacLachlan, playing a soldier of his weedy normal straight guy, never has much happening behind the eyes. And Shue, as an ordinary suburban new mother, still seems hooded by her bookish persona from *Looney Luv Yuns*. But *The Trigger Effect* is about situations, not characters. Kepp's camera makes remarkable sense by setting up familiar situations that suddenly turn scary and strange. His suburban couple lives on Maple Street—a winking homage to a *Twilight Zone* episode about the Red Scare trial. The *Twilight Zone* episode was *As for the Birds*, about the media's competitive coverage of a boy stuck down in a abandoned mine shaft, the proliferation of guns or the prospect of a baby screaming from an ear infection and its pink and its sides around.

BRIAN D. JOHNSON

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Stewart MacLeod

Why should television control elections?

With a federal election call probable within a year, this is becoming urgent. We must, somehow, wrest control of the campaign away from television and back into the hands of the people. It won't be easy. Federal election campaigns, over the past 30 years, have become such media-for-TV events that the public's role has been reduced to that of studio audience. But even if the courts have upheld a partial ban on pre-election opinion polling, could we not pay for a similar ban on television coverage?

Just think of the joys. Why, we could force political parties to return to their rallies. They could once again be live just bands. We could get back to those evening appearances by political leaders on the West Coast—now a definite radio-become-of-television TV event in the East. Good Lord, we could conceivably see our party leaders engage hecklers. And, with a bit of luck, might once again see a leader punched into the arena by a drunken piglet.

We don't stand a chance with today's thinking. The 30-second TV bite has become so central to political strategists that nothing, absolutely nothing, is done without deciding how, and when, it's going to be played on the tube. Ah, ha, if we get Mr. Chrétien flipping pancakes in front of a 19-in. screen, we can make the late-night news in the East. And if we get Preston Manning whacking the Prime Minister at 8:30 p.m. in Winnipeg, there'll be no opportunity for a TV reply until tomorrow.

God forbid that we expose our precious leaders to hecklers. You never know how TV will play it, perhaps just showing our stammering, stumbling embarrassment.

Funny from the day when Tommy Douglas, waving towards the leadership of the New Democratic Party, stood on a platform in Crystal Lake, Sask., to face shouts from a big-bellied Tory on the floor "I could swallow you whole," the big boy roared. "If you did," shot back the diminutive politician, "you'd have a new brain in your stomach than you have in your head."

That's the real stuff of political campaigns, not the contrived sound and sight bites designed specifically for late-night news. Those slyling faces clustered around a hamburger-tossing leader are not real voters, subject to conversion, they're card-carrying supporters. And, the reason you never see a modern-day political leader at a skating rink, an old days event, is because TV would show empty seats—a devastating display. Every talk show overflow. Size doesn't matter.

There was a time, according to ancient historians, when party leaders actually debated openly in public. Now, it's their strategists who

do the debating—over the format of an on-air off-camera television debate. Meanwhile, the network is debating about the format of a post-debate discussion by a politically correct cross-section of "ordinary" Canadians who will explain what it all meant to them. Without drastic supervision, it's only a question of time before we allow one of those dreadful TV "town hall meetings" to vote on our behalf.

We must insist on public involvement. For the sake of our sanity, not to mention our sense of humor, we must get back to the days when political leaders rolled life and limb before packed audiences—ones if they occasionally forgot the name of the candidate they came to support.

"I would like to support my good friend Chester McLean," said John Diefenbaker, to a 175-man audience. His good friend sat beside him, trying to make the best of it. Trouble was, his name was Chester McLean. Diefenbaker's predecessor, Louis Saint-Laurent, was even more embarrassed in Ontario's Bruce County back in 1957, seeking support for "my dear friend, Mr. Brown." (Brown, wrong color. The red-faced candidate was Mr. Blue.)

But Lester Pearson, back in the days before TelePrompTions, watched them all on Thursday/Thursday when he not only slipped up on the name of the Liberal candidate, he actually named an opponent—the NDP's Bob Price. Price, no doubt flustered with appreciation, easily won the riding.

You see, these things don't happen any more. Just as the politicos took the excitement out of election night, party strategists and TelePrompTions have taken the fun out of campaigns.

Hard to believe? It's been 34 years since the Diefenbaker women did their very act in front of Diefenbaker in Trail, B.C. It would indeed be interesting to see how one of today's leaders would handle the situation. But Dief had no problems. "Anyone relied on a Saskatchewan housewife knows all about this," he said. Then, raising a disheveled finger towards the press table, he said, "Try to contain yourselves; don't rush to the front."

And we shouldn't forget the time in Prince Albert where, in the middle of a rousing anti-Liberal tirade, a section of the plaster roof fell in front of Dief. Without missing a beat, he said, "Though Heaven fall, let justice be done."

Back in 1962, then-Social Credit Leader Robert Thompson received this generous teleprompted offer from his friend, the Emperor of Baffin: "Can you give me two million votes if you provide transport?" "Appreciate your offer," was the teleprompted reply, "but sufficient cannot be available on such short notice."

As Thompson said during that campaign, "These are the friends, my facts."

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